STATE OF IOWA

BEFORE THE IOWA UTILITIES BOARD

IN RE: **INTERSTATE POWER AND LIGHT COMPANY**	**DOCKET NO. RPU-2010-0001**

COMPLIANCE FILING

COMES NOW, Interstate Power and Light Company (IPL) and, pursuant to the Iowa Utilities Board (Board) Final Decision and Order of January 10, 2011, in Docket No. RPU-2010-0001, submits the following report detailing: (i) IPL's actions relating to the transmission planning process; and (ii) IPL's collaborations with other stakeholders on managing its relationship with ITC Midwest, LLC:

1. Pursuant to the Board's January 10, 2011, order in Docket No. RPU-2010-0001, page 142, IPL was required to provide the following:

> 5. IPL will be required to file semi-annual reports, with the first report being due June 30, 2011, and subsequent reports every six months thereafter, detailing its review, suggestions, and input to such things as ITC Midwest's transmission planning and budgeting processes and any FERC interventions or proceedings, including an evaluation of the long-term impact of those transmission plans on IPL and its ratepayers, as detailed in the body of this order. The report shall include what impact, if any, IPL's input has had on the transmission planning process.
>
> 6. IPL shall file a report of its semi-annual collaborations with other parties on how IPL can better manage its processes and relationships with ITC Midwest and FERC, with the first report being due June 30, 2011, and subsequent reports every six months thereafter.

As with its initial June 30, 2011, filing in response to these requirements, IPL has combined the content for each requirement into this filing.

2. IPL hereby provides to the Board in this instant filing its semi-annual updates, included as Attachment A, as required by Docket No. RPU-2010-0001.

3. IPL is willing to provide additional information or meet with Board staff to provide clarification or further discussion on this status report of its transmission-related activities.

WHEREFORE, IPL respectfully requests the Board accept the attached documents in compliance with the requirements of the aforementioned docket.

Dated this 30th day of June, 2016.

Respectfully submitted,

Interstate Power and Light Company

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Semi-Annual Report to the Iowa Utilities Board Regarding Transmission-Related Activities

Interstate Power and Light Company

June 30, 2016

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Executive Summary

Beginning in 2008, after the sale of Interstate Power and Light Company (IPL) transmission facilities to ITC Midwest, LLC (ITC-M), and expanding in 2011 with direction from the Iowa Utilities Board (Board or IUB), an exchange of information and ideas related to transmission policy, planning and operations between IPL, ITC-M, and interested stakeholders began and continues to date. This, the eleventh semi-annual report, reflects the growing and strong working relationship between IPL, ITC-M, regulators, customers, and others, with a shared focus on transparency, prudency and cost of transmission investment for IPL customers.

IPL actively continues to oversee and engage in near and long-term transmission policy, planning and operations to ensure a reliable, cost-effective transmission system in partnership with ITC-M that creates long-term value for IPL customers. IPL is focused on opportunities to identify and secure transmission benefits, maintain and improve ITC-M service levels, and balance ITC-M cost impacts to IPL customers. IPL continues to advocate on behalf of its customers with ITC-M, Midcontinent Independent System Operator, Inc. (MISO), and the Federal Energy Regulatory Commission (FERC), and engage in and influence regulatory policy at the local, regional and federal levels through dialogue and participation in regulatory proceedings. IPL is actively engaged in MISO committees, task forces and working groups that oversee and implement the MISO transmission planning process, transmission cost allocation policy, and generation interconnection rules and procedures.

IPL also continues to focus on exchanging information and ideas and collaborating with its customers and other interested stakeholders related to transmission policy, planning and operations. IPL and ITC-M work together on day-to-day operations and customer service activities as well as short and long-term planning. IPL staff within engineering, planning, energy markets, finance, and regulatory affairs and policy, among other areas within the company, engage in a variety of transmission-related matters and support activities and work including:

- Proactively obtaining, reviewing and analyzing information needed to inform IPL customers about current and future transmission investments, costs and rates, gathering information from sources including the MISO Transmission Expansion Plan (MTEP), ITC-M's rate-related postings, financial and regulatory reports and filings, and investor relations information;
- Hosting two transmission-related meetings with customers and other interested stakeholders each year;
- Providing information on its transmission-related costs included in its Regional Transmission Service (RTS) charge on Alliant Energy's website and specific bill inserts on transmission annually;
- Working with customers and interested stakeholders including the Board, Iowa Office of Consumer Advocate (OCA), Large Energy Group (LEG), Iowa Business Energy Coalition (IBEC) and others to advocate at FERC for changes that affect transmission policy and costs.

This Semi-Annual Transmission Report (Report) focuses on new and continued issues, actions, and results since the last Report filed with the Board on December 22, 2015 (December 2015 Report). Notable activity and results include:

- Bonus Depreciation: Following IPL and stakeholder engagement, FERC required ITC-M to not opt out of bonus depreciation for tax purposes, resulting in a presumptive $2.5 million reduction in 2015 Attachment O Rates as filed in the ITC-M 2015 True-Up.

Future year rates will also decrease should ITC-M take bonus depreciation (either voluntarily, or by FERC mandate).

- Transmission Return on Equity (ROE): Anticipated FERC order will likely reduce the MISO-wide transmission ROE and, by extension, ITC-M Attachment O transmission rates. ITC-M will provide refunds to its customers for ROE changes retroactive to November 2013.
- Proposed Fortis Acquisition of ITC: Alliant Energy Corporate Services (AECS), on behalf of its affiliates IPL and WPL, filed comments in June 2016 regarding the proposed Fortis acquisition of ITC filed at FERC in April 2016. AECS requested that FERC ensure ITC-M customers are held harmless from the acquisition costs and consider whether ITC-M should continue to receive an independent transmission company ROE adder if the acquisition is approved.
- Transmission Network Upgrade Funding: AECS filed comments, on behalf of its affiliates IPL and WPL, in September 2015 supporting FERC's investigation into the MISO network upgrade funding rules. In December 2015, FERC ruled that transmission owners should not have the unilateral right to self-fund network upgrades. The ruling allows generation interconnection customers, including IPL, to fund network upgrades associated with new generation via the more cost-effective means for customers.
- Generator Interconnection Queue Reform: AECS filed comments, on behalf of its affiliates IPL and WPL in January 2016 at FERC generally supporting MISO's generator interconnection queue reform proposal, but stressed that more work is needed to address all critical elements of the interconnection process.
- Marshalltown Generating Station (MGS): In June 2016, MISO filed an amended, executed Generator Interconnection Agreement (GIA) for MGS as required by FERC. The GIA indicates that IPL is responsible for approximately $21 million of transmission-related costs, a significant reduction from the original estimated cost in excess of $100 million. ITC-M has completed a number of the network upgrade projects identified in the GIA and is ready to make final connections for MGS to the transmission system.
- Transmission Cost Allocation: IPL is participating in the MISO Regional Expansion Criteria Benefits Working Group (RECBWG) to provide input on cost allocation methodologies including proposed changes to methodologies. IPL's focus is to ensure that transmission costs allocated to IPL or ITC-M's transmission pricing zone are appropriate and fair and do not harm IPL customers.
- Transmission System Reliability: IPL Transmission System Average Interruption Frequency Index (SAIFI) illustrates a continued improvement and maintained trend of 30% fewer outages, on average, since the transmission asset purchase by ITC-M.

The results noted in this Report demonstrate that IPL has, and will continue to, engage in and influence regulatory policy, MISO and FERC processes, and ITC-M through appropriate venues on behalf of our customers.

Introduction

IPL submits this Report of its transmission-related activities, pursuant to the requirements of the Iowa Utilities Board's (Board) January 10, 2011, Final Decision and Order in Docket No. RPU-2010-0001, which conditionally allowed IPL to implement an automatic recovery mechanism for transmission costs (Regional Transmission System (RTS) Rider). This Report provides details of IPL's activities in and results from managing its processes and relationship with ITC-M and influencing the transmission service levels and cost impacts to IPL customers. This report focuses on the following areas, with particular emphasis on activities and results since the December 2015 Report:

1. ITC-M Relationship Management;
2. Review, Analysis of and Response to ITC-M Dockets at the Board;
3. FERC Transmission Activity and IPL Engagement;
4. MISO Activity and IPL Engagement;
5. IPL and ITC-M's Joint Project Planning;
6. IPL Analysis of ITC-M and MISO Rates;
7. Transmission Outage Performance and Operations Coordination;
8. Stakeholder Informational Meeting; and
9. Timetable of Events Influencing Transmission Rates & Service.

Within this Report, as was the focus of previous reports, IPL is specifically responding to Board expectations that IPL "…improve its processes and relationships with ITC Midwest…" and "…provide semi-annual Reports detailing its review, analysis, suggestions, and input to such things as ITC Midwest's transmission planning and budgeting process and any FERC interventions or proceedings, and what impact IPL's input has had."

Further, the Board required "…IPL to collaborate with other interested parties on at least a semi-annual basis. The IUB envisions these collaborations to be an opportunity for other parties to offer suggestions to IPL on how it can better manage its processes and relationships with ITC Midwest…"

In this Report, IPL continues to emphasize results it has achieved on behalf of its customers. This Report addresses the most significant new and continued issues, actions and results affecting transmission service and cost since the December 2015 Report. The Report does not necessarily address *all* activity or previously reported items. However, some background information from prior reports is selectively retained herein to provide continuity and context. Significant results since the December 2015 report are generally reported under "June 2016 Updated Results and Activity" within each section.

IPL is continuing to include in this Report analysis on changes to ITC-M rates, their drivers and reasonableness in the context of value for IPL's customers.

IPL's goal is to provide access to a reliable, cost-effective electric transmission system that creates long-term value for IPL customers. IPL's approach to managing transmission to achieve this goal includes:

- Providing benefits to IPL customers through effective and purposeful planning of, and investment in, the transmission system;
- Advocating for appropriate transmission costs to IPL customers that align with benefits provided;
- Engaging and informing stakeholders regarding transmission management approach and implementation; and
- Maintaining effective management oversight of and engagement in transmission activities, including regional and federal regulatory and policy venues to address key transmission issues.

IPL advocates for customer interests with ITC-M, MISO, and FERC and actively engages with large customers, interveners, the Iowa Office of Consumer Advocate (OCA) and the Board in stakeholder meetings and other forums.

1. ITC-M Relationship Management

IPL staff interfaces with ITC-M to manage the overall relationship with ITC-M and to coordinate activities and work with ITC-M. Interactions occur at all levels within IPL and between IPL and ITC-M. These interactions support activities such as transmission outage coordination and planning, transmission and distribution system construction and maintenance, planning for future work and projects, outage investigation, and coordination and communication with IPL customers. IPL staff interfaces with their functional counterparts at ITC-M to manage issues of common interest to serve customers better. IPL executives also have periodic contact with ITC-M executives to discuss customer service, financial, planning, operational, regulatory, and customer cost issues.

IPL and ITC-M use committees and work teams comprised of IPL and ITC-M representatives to work together on activities and issues. These committees and work teams augment the routine, on-going interactions between IPL and ITC-M operations, planning, engineering, projects, regulatory and stakeholder relations staff. Planning and project committees typically meet monthly to coordinate transmission and distribution planning and projects respectively. IPL and ITC-M regulatory and stakeholder relations staff also meet approximately once per quarter to discuss state and federal regulatory and stakeholder relations issues of mutual interest.

IPL staff also participates on internal committees and work teams that focus on IPL-related transmission issues. IPL uses a team of internal stakeholders representing key functional areas including energy markets, transmission and distribution planning, engineering and operations, state and federal regulatory affairs and policy, legal, and financial planning and analysis to provide oversight and direction to IPL's overall transmission strategy and relationship management with ITC-M. This includes monitoring developments with, and directing responses to ITC-M, FERC, MISO and the Board regarding events, issues, processes and regulatory policies that impact ITC-M rates and ultimately the cost to IPL customers. This team of stakeholders also supports and coordinates IPL's participation in MISO, FERC, NARUC, EEI and state regulatory agency-hosted venues where transmission issues are discussed and debated.

IPL and ITC-M continue to coordinate well on operations and planning work and activities. IPL and ITC-M have disagreed on some policy, planning, and financial issues over time, many of which center on matters of potential increased transmission costs to IPL customers. However, these disagreements have not prevented IPL and ITC-M from continuing to work together to insure that IPL customers receive reliable and safe transmission service or to effectively collaborate when IPL and ITC-M have positions on policy and planning issues that are aligned.

2. Review, Analysis of and Response to ITC-M Dockets at the Board

IPL maintains an active and vocal engagement with ITC-M's regulatory activity in order to identify and participate in issues that could potentially affect transmission related benefits and rates to IPL customers. IPL regularly monitors filings made by ITC-M to the Board. IPL may support or object to an ITC-M docket, as warranted by the issues and details related to each docket, for reasons such as those described in the following:

- *Support* generally means the filings are for projects IPL views in the best interests of IPL customers, such as base reliability projects, 34.5 kV conversion projects, certain new facilities necessary to support new customers or customer expansions, North American Electric Reliability Corporation (NERC) compliance, and certain market efficiency projects providing economic benefits to IPL customers.
- *Object to* or *With Comments* generally applies to projects IPL believes are unnecessary for IPL customer reliability or inappropriate cost allocations to IPL customers.

IPL chooses its response on a case-by-case basis based upon the facts of the specific docket and whether other filings in these venues could have an impact on IPL customer transmission costs or service. Generally, IPL is looking at the following criteria for projects included in the docket when determining how to respond:

1. Support and safeguarding of local, regional and interconnection-wide power system reliability, generation operations and safety;
2. Benefits that are commensurate with costs;
3. Costs that align with beneficiaries;
4. Ability to reasonably support changing state and federal energy policy objectives and a changing generation resource mix;
5. Planned and initiated at the local and regional level based upon the needs of customers who bear the burdens and receive the benefits; and
6. Result from consideration of all viable solutions to address issues giving rise to project.

Through its Transmission Planning, Delivery System Planning and other resource areas, IPL performs a regular review of all new filings by ITC-M. IPL reviews all projects, starting at the planning level with ITC-M and continues throughout the various MISO and regulatory processes. IPL takes advantage of multiple opportunities to provide input and feedback to influence the reliability, efficiency or cost impact of these projects. Ultimately, IPL has the ability to intervene in the appropriate state regulatory process should it not be successful with influencing a project in the desired direction. Since IPL's December 2015 Report, IPL has reviewed 19 new dockets filed by ITC-M with the Board, and has provided letters of support to the Board in two of them. A summary of dockets in which IPL has provided letters of support to the Board is included in Table 1.

Table 1 – ITC-M Filings with IUB, Acted on by IPL
December 12, 2015 – June 15, 2016

Week Of	Docket No.	Short Description	IPL Action	Reason
4/11/2016	E-22275	Delaware County: Ryan REC Tap 69kV	Support	Conversion
05/23/2016	E-22230	Lynn County: Mt. Vernon – Travers 69kV	Support	Conversion

3. FERC Transmission Activity, IPL Engagement

IPL monitors and participates in FERC proceedings that have the potential to impact our transmission costs or impair the transparency of the costs we incur. In its advocacy efforts at FERC, IPL supports transmission investment that provides benefits to customers through effective and purposeful planning, and seeks to ensure the proper alignment of costs and benefits. IPL generally supports FERC's transmission incentive policy but has advocated that FERC implement it in a more holistic rather than piecemeal manner.

A. IPL Cost Increases Resulting from ITC-M's Bonus Depreciation Tax Treatment Opt Out (Docket Nos. ER16-206-000 *et al.* and ER15-1250-000 *et al.*)

Background:

Bonus depreciation is the result of specific provisions in federal tax law that allow a corporation to deduct either 50 percent or 100 percent of a company's qualifying capital investments in the first year an investment is placed in-service for tax purposes. Bonus depreciation as a tax allowance has been in effect since 2008. The use of bonus depreciation for tax purposes lowers income taxes paid and, therefore, frees up cash that can be used as a source of capital at no cost. This reduces other sources of capital needed and the associated costs (for example, Return on Equity (ROE) applied to capital invested). The savings resulting from this no-cost source of financing are passed through to a utility's customers. Bonus depreciation significantly increases deferred tax liabilities. For utilities, deferred tax liabilities associated with bonus depreciation are required to be included in rate base, effectively reducing rate base and results in reducing customer costs. It is important to note that when bonus depreciation is utilized, it is done so on *all* capital investments within a given class of assets in a given year, not just selected projects. On December 18, 2015, as part of the "Protecting Americans from Tax Hikes [PATH] Act of 2015," Congress approved a five-year extension for bonus tax depreciation.

IPL Engagement with ITC-M through MISO Formula Rate Protocols (ER15-1250-000)

In June 2015, IPL initiated an Information Exchange with ITC-M and issued an Informal Challenge under MISO's Formula Rate Protocols (attached as Appendix 1) regarding ITC-M's handling of available bonus depreciation. IPL previously learned that ITC Holdings Corp.[1] (ITC) had not taken bonus depreciation available to it under federal IRS regulations since 2009. ITC's decision to opt out of bonus depreciation has resulted in additional revenue requirement in ITC-M's Attachment O rates, ultimately increasing IPL's customer rates.

On December 18, 2015, IPL filed a Formal Challenge under MISO's Formula Rate Protocols to ITC-M's filed Attachment O rates at FERC (Docket No. ER15-1250-000) because IPL found ITC-M's responses to IPL's Informal Challenge unsatisfactory. The Formal Challenge objected to the "prudence of actual costs and expenditures" of ITC-M's 2014 Attachment O True-Up, which reflects the added revenue required as a result of not taking bonus depreciation and its application to ITC-M's projected 2016 Attachment O rates.

[1] The parent company of ITC-M and other operating companies in MISO and the Southwest Power Pool (SPP).

ITC-M's choice to not utilize bonus depreciation will impact network upgrades for both Bent Tree[2] (discussed below) and Marshalltown Generating Station (MGS), as well as affect all capital investments in the asset class elsewhere in the ITC-M transmission system, resulting in higher customer costs. The costs associated with the affected assets directly impact IPL customers' cost of transmission services.

WPL Bent Tree Wind Farm Unexecuted Facilities Service Agreement (ER16-206-000, ER16-206-001)

On October 30, 2015 (later revised on November 3, 2015), MISO filed a Facilities Service Agreement (FSA) between MISO, WPL, and ITC-M for WPL's Bent Tree Wind Farm Network Upgrades at FERC (Docket No. ER16-206-000). The FSA was filed as unexecuted because ITC-M refused to acknowledge in the agreement that it would record bonus depreciation, if available, to reduce the cost of the transmission system network upgrades associated with the WPL Bent Tree Wind Farm (see Appendix 2).

WPL filed a Protest at FERC in response to the Bent Tree FSA and IPL filed Comments in support of WPL's Protest. The Large Energy Group (LEG) - a coalition of large electricity consumers in Iowa and are customers of IPL - provided WPL a letter in support of WPL's Protest, because of concern that the MGS FSA costs to IPL could be higher because of the bonus depreciation issue. The Board, the OCA, and the Iowa Consumers Coalition (ICC)[3] also filed comments in support of WPL's protest. ITC-M filed an Answer at FERC to WPL's Protest, and WPL filed a response to ITC-M's Answer.

June 2016 Updated Results and Activity:

IPL Engagement with ITC-M through MISO Formula Rate Protocols (ER15-1250-000 and ER15-1250-001)

On March 11, 2016, FERC issued an order granting in part, and denying in part IPL's Formal Challenge (March 11 Order). FERC agreed with IPL that ITC-M had imprudently chosen to opt out of bonus depreciation, and required ITC-M to recalculate its Attachment O transmission revenue requirements, effective January 1, 2015, to simulate the taking of bonus depreciation for eligible facilities in calendar year 2015. FERC found that IPL provided evidence that created a "serious doubt" as to the prudence of the additional costs incurred because of ITC-M's decision to opt out of bonus depreciation from 2010 to 2014, and resulted in an increase in ITC-M's revenue requirement for 2015.

The Commission did not, however, require ITC-M to amend its Attachment O transmission revenue requirement for years prior to calendar year 2015. FERC argued that, since ITC did not take bonus depreciation in its 2010-2014 consolidated tax returns, "imputing bonus depreciation in the calculation of [ITC-M's] Attachment O transmission revenue requirement for

[2] Bent Tree is a wind farm located in southern Minnesota that is owned and operated by Wisconsin Power & Light (WPL)—another Alliant Energy subsidiary.

[3] Iowa Business Energy Coalition (IBEC)—an Iowa Code 504 non-profit—has subsumed Iowa Consumers Coalition (ICC) which was an *ad hoc* group of large energy consumers who purchase electricity from IPL, and included the following consumers: Archer Daniels Midland Company; Cargill, Incorporated; Equistar Chemicals, L.P.; and, United States Gypsum Company.

those years may pose a risk of a normalization violation." Further, FERC declined to grant IPL's request to seek a Private Letter Ruling from the IRS because the Commission did not want to "encroach on the province of the IRS." Nor did the Commission grant IPL's request to preclude ITC-M from opting out of bonus depreciation in the future. FERC argued that requiring ITC-M to provide justification and documentation for opting out of bonus depreciation in the future would improperly and prematurely presume the imprudence of ITC-M's decisions and place the initial burden of establishing prudence on ITC-M instead of its customers.

On April 11, 2016, ITC-M filed a request for rehearing. Subsequently, on April 22, 2016, IPL filed a motion to respond to ITC-M's request for rehearing and its own request for rehearing and motion for reconsideration. IPL argued that the Commission should reconsider its and require ITC-M to seek a Private Letter Ruling from the IRS that would authorize ITC-M to reverse its decision to opt out of using bonus depreciation from 2012 through 2014. IPL asserted that doing so would neither "encroach on the province of the IRS," nor allow for the possibility of a normalization violation by ITC-M. IPL further requested that ITC-M's request for a Private Letter Ruling be done in accordance with section 5.17.5 of Attachment X of the MISO tariff. Section 5.17.5 provides reasonable safeguards against ITC-M prejudicing an IRS action by allowing IPL and other transmission customers of ITC-M to review and comment on the Private Letter Ruling request before it is filed at the IRS, and to participate in the Private Letter Ruling review process. IPL believes that such a process would allow FERC to properly protect the ability of transmission customers to obtain refunds of excessive charges for periods before 2015 while complying with the IRS's normalization rules.

On April 15, 2016, Consumer Energy (CMS) filed a Formal Challenge to Michigan Electric Transmission Company's (METC) Attachment O rates, challenging the prudence of METC's decision to opt out of bonus depreciation (Docket No. ER15-1248-000). On May 5, 2016, Alliant Energy Corporate Services (AECS) filed brief comments in support of CMS's Formal Challenge, and reiterated FERC's ability to require ITC's subsidiaries to take bonus depreciation beginning in the 2012 tax year and going forward by seeking a Private Letter Ruling from the IRS.

On June 8, 2016, FERC issued an order that denied ITC-M's request for rehearing and IPL's request for reconsideration. FERC found that IPL's motion for reconsideration was actually a request for hearing that was untimely and statutorily barred, and thus denied. Regarding ITC-M's request for rehearing, FERC dismissed ITC-M's contention that FERC lacked the authority to review the prudence of ITC-M's decision to opt out of taking bonus depreciation. Further, FERC found that ITC-M "improperly attempt[ed] to use the IRS normalization rules to shield from scrutiny [ITC-M]'s imprudent decision to opt out of bonus depreciation and its concomitant failure to operate with all reasonable economies." Finally, FERC denied ITC-M's request to modify the March 11 Order to require the simulation of taking bonus depreciation no earlier than January 1, 2016. Because the PATH Act of 2015 was not signed into law until December 18, 2015, bonus depreciation was retroactively authorized for the entire 2015 calendar year and not in violation of IRS normalization rules.

WPL Bent Tree Wind Farm FSA Unexecuted with ITC-M (ER16-206-000, ER16-206-001, ER16-206-002, ER16-206-003, and ER16-206-004)

On December 29, 2015, the Commission sent a letter informing ITC-M that the Bent Tree FSA was deficient, and required additional numerical support for some of ITC-M's calculations. On January 12, 2016, MISO, on behalf of ITC-M, filed a response to the FERC Deficiency Letter.

On March 11, 2016, FERC issued an order accepting the Bent Tree FSA subject to condition, and effective November 1, 2015, as requested (March 11 Bent Tree Order). In its ruling, FERC found that the facilities charge in the Bent Tree FSA was unjust and unreasonable since the facilities charge had embedded imprudently incurred costs due to ITC-M's decision to opt out of bonus depreciation. FERC only required ITC-M to reflect the impacts of bonus depreciation in the calculation of the facilities charge for investments made in calendar year 2015 because FERC determined that requiring changes to ITC's 2014 consolidated tax return posed the risk of an IRS normalization violation. FERC required MISO, on behalf of ITC-M, to submit a revised FSA that reflects the impact of taking bonus depreciation in the calculation of the facilities charge for investments made in 2015.

On April 11, 2016, MISO, on behalf of ITC-M, filed an amended Bent Tree FSA to reflect the taking of bonus depreciation in the calculation of the facilities charge for investments made in 2015. Also on April 11, 2016, ITC-M submitted a request for rehearing of FERC's March 11 Order, arguing that, among other things, FERC does not have the authority to negate ITC-M's statutory right to elect out of taking bonus depreciation. On April 22, 2016, WPL filed a response to ITC-M's request for rehearing. In its response, WPL argued that ITC-M's compliance with the March 11, 2016 Bent Tree Order will not, contrary to ITC-M's arguments, risk a violation of the IRS normalization rules. WPL asserted that ITC-M's request for rehearing should be rejected as the March 11, 2016 Bent Tree Order will neither financially harm ITC-M nor put it at risk for violating IRS normalization rules.

On June 8, 2016, FERC issued an order denying rehearing (ER16-206-004) and accepting the compliance filing (ER16-206-003). FERC, similar to its Order Denying Rehearing in Docket No. ER15-1250-001 (discussed above), dismissed ITC-M's contention that FERC lacked the authority to review the prudence of ITC-M's decision to opt out of bonus depreciation. Further, FERC argued that ITC-M "improperly attempt[ed] to use the IRS normalization rules to shield from scrutiny [ITC-M]'s imprudent decision to opt out of bonus depreciation and its concomitant failure to operate with all reasonable economies." FERC did accept ITC-M's compliance filing that reflects the impacts of using bonus depreciation in the calculation of the facilities charge for WPL's Bent Tree wind project in 2015.

Conclusions:

IPL Engagement with ITC-M through MISO Formula Rate Protocols (ER15-1250-000 and ER15-1250-001)

IPL estimates that ITC-M's 2015 revenue requirement will be roughly $2.5 million lower than ITC-M's original calculations. IPL anticipates a decrease in ITC-M's 2015 Attachment O rates that will be passed on to IPL's customers and realized in 2017.

WPL Bent Tree Wind Farm FSA Unexecuted with ITC-M (ER16-206-000, ER16-206-001, ER16-206-002, ER16-206-003, and ER16-206-004)

Approximately $38 million of the required Bent Tree network upgrades are being self-funded by ITC-M under Attachment X of the MISO tariff. However, WPL, as the generator, and its customers are responsible for these costs. The Bent Tree FSA specifies the payments from WPL to ITC-M for the required Bent Tree network upgrades, amortized over the life of the project. The FERC decision to require ITC-M to take bonus depreciation for the asset in 2015 will result in a savings of approximately $10.2 million over the life of the agreement or approximately $410,000 per year in transmission service costs to WPL and its customers over the 25-year term of the Bent Tree FSA.

B. Otter Tail Power Company (OTP) Complaint against MISO Self-Funding Policy for Network Upgrades (Docket No. EL15-36-000 *et al.* and EL15-68-000 *et al.*).

Background:

On January 12, 2015, OTP filed a complaint related to the lack of language in the MISO tariff that would allow an Affected System Operator to self-fund network upgrades required for a generator to interconnect to the MISO system. An Affected System Operator is a Transmission Owner (TO) whose system requires network upgrades to accommodate an interconnection request, but is not directly interconnected to the interconnection customer.

On June 18, 2015, FERC issued an order granting in part OTP's complaint. FERC found that Affected System Operators should have the right to self-fund necessary network upgrades, similar to the rights afforded TOs and interconnection customers. In addition, FERC instituted a section 206 investigation (initiating Docket No. EL15-68-000) into the MISO tariff because it may be unjust and unreasonable for TOs to have the *unilateral* right to fund network upgrades.

On September 30, 2015, AECS, on behalf of its affiliates IPL and WPL, filed comments supporting the FERC investigation into the MISO network upgrade funding rules. AECS' comments support an approach that would determine who will fund necessary network upgrades based on considerations of ultimate costs to customers.

June 2016 Updated Results and Activity:

On December 29, 2015, FERC issued an order denying rehearing, granting clarification, and directing a compliance filing in the OTP-related proceedings. When denying rehearing, FERC affirmed its previous finding that under MISO's Interconnection Customer Funding Policy, providing the TO with the unilateral right to elect to initially fund a network upgrade improperly imposes costs on interconnection customers. Additionally, the order required MISO to file, within 10 days of the order, the tariff changes it committed to propose in its August 17, 2015 informational report.

On January 8, 2016, MISO submitted revisions to Article 11.3 of its *pro forma* Generator Interconnection Agreement (GIA) that removes the ability for TOs to unilaterally elect to initially

fund network upgrades (Docket Nos. ER16-696-000 and ER16-696-001). On January 27, 2016, AECS, on behalf of its affiliates IPL and WPL, filed a motion to intervene.

FERC has yet to act on this filing. IPL continues to monitor the proceedings.

Conclusions:
IPL continues to voice its position that customer costs need to be an important factor when making necessary improvements to the transmission system. IPL understands the need to upgrade the transmission system and supports investments when transmission needs are balanced with customer costs.

C. First MISO Industrial Customer Complaint against the MISO TOs' ROE, Capital Structure and ROE Incentive Adders (Docket No. EL14-12-000 *et al.*)

Background:
On November 12, 2013, a group of MISO industrial customer organizations filed a complaint against the MISO TOs (including ITC-M), seeking the following changes:

1) a reduction of the Base ROE used by the MISO TOs (including ITC-M) in calculation of their transmission rates from 12.38% to 9.15%;
2) the institution of a capital structure in which the assumed equity component does not exceed 50% (ITC-M's debt-equity ratio is 60/40); and
3) the elimination of the ROE adders currently approved for ITC Holdings Corp.'s operating companies in Michigan (ITC*Transmission* and METC) for being a member of a Regional Transmission Organization (RTO), and for being an independent transmission owner.

In an order issued October 16, 2014, the Commission set the Base ROE portion of the complaint for hearing and dismissed the arguments for capping the equity component of an entity's capital structure and the arguments for rescinding the transmission incentives of ITCTransmission and METC.

ITC Holdings Corp. indicated in its Form 10-Q report filed with the U.S. Securities and Exchange Commission (SEC) dated November 5, 2015, that they believe it is probable that the MISO Base ROE proceedings will result in customer rate refunds. ITC Holdings Corp. has established an $88 million regulatory liability for the period November 12, 2013, through September 30, 2015. ITC Holdings Corp.'s SEC filings can be found on the ITC Holdings Corp. website at http://investor.itc-holdings.com/common/download/sec.cfm?CompanyID=ITC&FID=1628280-15-8316&CIK=1317630.

June 2016 Updated Results and Activity:
On December 22, 2015, FERC Administrative Law Judge (ALJ) Coffman issued his initial decision (ID) in the first MISO ROE Complaint proceeding (a Corrected ID was issued

December 29, 2015).[4] The ID determined the just and reasonable Base ROE in this proceeding is 10.32%, with an upper limit on the zone of reasonableness at 11.35%. ALJ Coffman determined that the Base ROE should be set at the midpoint of the upper half of the zone of reasonableness because of the existence of anomalous market conditions during the study period. He found that the stated midpoint (9.29%) would dissuade investors from investing in MISO TOs, since they could get higher returns from integrated electric utilities.

While the ID stated that MISO was to refund, with interest, the difference between the revenues collected for the November 2013 to February 2015 refund period given the 10.32% Base ROE determined by the ALJ, refunds have not yet been collected from the TOs or distributed to customers because no final FERC order has been issued. FERC anticipates issuing a final order in this proceeding no later than October 31, 2016.

Conclusions:
FERC's final order in this proceeding will likely result in a reduction to the MISO TOs' currently effective 12.38% Base ROE. The magnitude of the reduction will depend on a number of things, including the make-up of the commission at the time an order is issued.[5] In 2014, FERC established a policy that it would take into account "anomalous market conditions" when it establishes a Base ROE, *if* such conditions can be proven to exist during the complaint period. The October 2016 date for a final order is also not a firm deadline, so any final decision might be delayed if necessary (or desired by the Chairman).

It should also be noted that aside from ALJ Coffman, ALJ Sterner, in two consolidated complaint proceedings against the New England Transmission Owners' Base ROE, also found that anomalous market conditions existed during the complaint periods when he set the Base ROEs at 9.59% and 10.90% for the two complaint periods at issue. Additionally, recent settlements of ROE complaints have established Base ROEs between 9.5% and 10.0%, so while the MISO Base ROE will very likely be reduced, the magnitude of the reduction remains unclear.

D. Second Complaint against MISO TOs' Base ROE (Docket No. EL15-45-000)

Background:
On February 12, 2015, a group of cooperative and municipal utilities in MISO filed a second complaint at FERC seeking a reduction to the MISO TOs' (including ITC-M) Base ROE from 12.38% rates to 8.67%. The complaint was filed in Docket No. EL15-45-000; AECS filed a motion to intervene on February 20, 2015, on behalf of its affiliates, IPL and WPL.

On June 18, 2015, FERC issued an order on the Second MISO ROE complaint, establishing formal hearing procedures and a refund date of February 12, 2015. The Chief ALJ denied

[4] The ALJ's Initial Decision was originally to be published November 30, 2015; however, a Notice was issued on November 24, 2016, extending the ID deadline to December 15, 2015, and another Notice was issued on December 11, 2015, further extending the ID deadline to December 23, 2015.
[5] As of May 2016, the commission has only four commissioners; but with the expiration of another commissioner's term on June 30, 2016, the commission will likely be left with only three commissioners by the end of 2016.

consolidation of the second complaint proceeding (EL15-45) with the first complaint proceeding (EL14-12).

June 2016 Updated Results and Activity:
Formal hearing procedures took place in February 2016, at which a representative of AECS, on behalf of IPL, was present. An ID from ALJ Coffman (the same ALJ in the first ROE complaint proceeding) is expected by June 30, 2016. A final FERC order is expected no later than May 31, 2017. AECS, on behalf of IPL, continues to monitor the proceedings.

Conclusions:
As the ALJ in this proceeding is the same as the First MISO ROE Complaint and the evidence in the proceeding also supports a lower Base ROE, it is generally assumed that the ID in the Second MISO ROE Complaint will produce a Base ROE that is less than the current ROE (12.38%), possibly set at the midpoint of the upper half of the established zone of reasonableness. ALJ Coffman has shown that he is open to and convinced of the existence of anomalous market conditions, if such conditions can be demonstrated as existing for the complaint period.

Also, the composition of the FERC commission may shift prior to or around the anticipated May 2017 order, potentially impacting the timing and content of the final decision.

E. ITC-M's Request to Incorporate a 100-Basis Point Adder to its Base ROE for Being an Independent Transmission Company (Docket No. ER15-945-000)

Background:
On January 30, 2015, MISO, on behalf of ITC-M, filed a request to implement an incentive adder of 100-basis points to its authorized ROE for independent transmission ownership (Transco Adder). ITC-M also requested approval to defer collection of the Transco Adder until the Commission issues a final order in the MISO Base ROE complaint proceeding (EL14-12-000). Finally, ITC-M committed to restricting its total ROE (Base plus Adder) to the top end of any new zone of reasonableness established in the MISO Base ROE complaint proceeding. On February 20, 2015, IPL filed comments, requesting FERC to reevaluate its overall transmission ROE incentive policies to ensure the policies are meeting the intended goals, including consideration of cost impacts to customers, before considering the ITC-M request. In the alternative, IPL requested consolidation of the request with the broader evaluation of the MISO TO ROE in EL14-12-000, as the most efficient, holistic, and expeditious means to resolve the ITC Midwest ROE matter.

On March 31, 2015, the Commission issued an order that granted ITC-M's request for the Transco Adder, but found that a 50-basis point incentive adder was just and reasonable instead of the 100-basis point incentive adder originally requested by ITC-M. The order conditionally approved the filing, subject to a compliance filing amending the magnitude of the Transco Adder, and also making the filing subject to the outcome of the MISO Base ROE complaint proceeding, wherein a just and reasonable zone of reasonableness will be determined.

June 2016 Updated Results and Activity:
On January 6, 2016, FERC issued an Order on Compliance, Clarification, and Rehearing that accepted the compliance filing, granted ITC-M's request for clarification, and denied rehearing. The Commission affirmed its prior ruling that a 50-basis point Transco Adder was consistent with FERC precedent and that its determination was based on a case-by-case analysis of the interests of both the consumers and the applicants. The Commission also affirmed its previous finding that its transmission incentive policy and section 219 of the Federal Power Act (FPA) do not require that an entity that seeks to obtain an incentive adder for being a Transco realize the benefits of "encourage[ing] Transco formation and [sufficiently] attract[s] investment." Instead, FERC policy recognizes that these are but two benefits of the Transco Adder, not a requirement to receive the Transco Adder.

Conclusions:
It is important to note that, in this proceeding, FERC recognized the necessity to take into consideration the total impact on customers when determining the magnitude of transmission incentive adders that are granted. FERC incorporated "current market conditions and concerns regarding the rate impacts" into its analysis—an important signal for transmission incentive policy.

F. ITC Holdings Corp. and its Affiliates' (including ITC-M) Request for Modifications to its Attachment O Formula Rate Templates (Docket No. ER16-208-000)

Background:
On October 30, 2015, MISO submitted, on behalf of the ITC Companies, proposed modifications to the Attachment O formula rate templates of the ITC Companies, including ITC-M. The filing sought to modify a number of aspects to the templates:

- Recover income tax expense associated with the following:
    1) permanent book/tax differences,
    2) the effects of after-tax accounting for deferred taxes associated with the equity component of the Allowance for Funds Used During Construction (AFUDC equity), and
    3) excess/deficient deferred income taxes resulting from tax law or rate changes;
- Exclude deferred income tax balances from the calculation of rate base when the associated income tax consequences have been paid by others;
- Explain how the ITC companies will implement IRS guidance on tax normalization issues;
- Propose changes in the allocators for materials and supplies and Regulatory Commission expenses; and
- Use a 2% amortization rate for intangible plant.

On November 20, 2015, AECS, on behalf of its affiliates IPL and WPL, filed comments that generally supported the proposed modifications, but requested further clarification. Specifically, AECS's comments were supportive of ITC's proposed changes related to the treatment of

Contributions in Aid of Construction (CIAC) as the changes will result in proper accounting of Accumulated Deferred Income Taxes (ADIT) associated with these transactions. However, AECS requested that FERC require ITC to provide further information that would allow parties to completely understand and interpret the requested Attachment O changes. Additionally, AECS requested further clarification regarding ITC's proposed changes to the recovery of income taxes on permanent differences and the effects of after-tax accounting for deferred taxes associated with AFUDC equity.

June 2016 Updated Results and Activity:
On December 30, 2015, FERC approved ITC's proposed modifications, subject to condition. FERC required ITC to provide the ADIT worksheets showing the proration calculations for each of the company's respective formula rate templates in the interest of transparency.

On February 8, 2016, MISO, on behalf of the ITC Companies, filed the required compliance filing. On April 14, 2016, FERC accepted the compliance filing.

Conclusions:
The Attachment O modifications will result in refunds to ITC-M's customers of approximately $6.6 million in 2016, and approximately $1.7 million in 2017. ITC-M re-posted the 2016 projected Attachment O rates in January 2016 to include the $6.6 million refund. The 2016 refund is already included in the 2016 IPL Rider RTS factors proposed to the Board. The 2017 refund is reflected in the 2015 Attachment O True-up posted by ITC-M and will be applied to the 2017 projected Attachment O rate, and ultimately flow through the 2017 IPL Rider RTS.

G. Fortis Acquisition of ITC (Docket No. EC16-110-000)

Background:
On April 28, 2016, Fortis Inc. and ITC Holdings Corp. (the Applicants) filed a Joint Application for Authorization for Merger and Disposition of Jurisdictional Transmission Facilities, wherein, ultimately, ITC will be an indirect majority-owned subsidiary of Fortis. The transaction is valued at approximately $11.3 billion, including approximately $4.4 billion in assumed debt. In the Application, the parties argue that the proposed transaction 1) is consistent with the public interest standard, 2) will not have an adverse effect on competition (including no concerns related to horizontal or vertical market power), 3) will not have an adverse effect on rates, 4) will not have an adverse effect on regulation, and 5) will not result in cross-subsidization, pledge, or encumbrance of utility assets.

June 2016 Updated Results and Activity:
On May 3, 2016, AECS, on behalf of its affiliates IPL and WPL, filed a motion to intervene and a request for extension of time to file interventions and comments. FERC granted the extension, and set the comment due date as June 2, 2016.

On June 2, 2016, AECS filed comments and a Motion for Adoption of Merger Conditions. AECS requested that FERC ensure 1) the transaction and transition costs are properly incorporated into a hold harmless commitment (including through reporting on congestion flow gates and

coordination of transmission outages); and, that 2) the Applicants clearly and succinctly enumerate the types of costs that will be encompassed within their hold harmless commitment, how the proposed costs are consistent with FERC's *Hold Harmless Policy Statement*,[6] and require that the ITC companies track those costs. Specifically, AECS requested that the ITC Operating Companies annually provide a five-year projected revenue requirement and information regarding new facilities to be constructed during that period, as well as a long-term forecast of transmission expansion plans. AECS also suggests that ITC have regular customer meetings to consult with transmission customers. Finally, AECS requests that should FERC consummate the transaction of the Applicants, that it institute a section 206 rate investigation to determine whether the ITC companies should continue to be entitled to the Transco Adder (discussed above) based on whether or not the companies maintain their status as an independent transmission company.

On June 17, 2016, the Applicants filed a reply to comments on the merger, indicating that concerns raised regarding the hold harmless commitment were without merit and other comments received were extraneous to evaluation of the Section 203 Transaction. The Applicants contend that "the Transaction will have no adverse effects on competition, rates, or regulation, and does not give rise to any cross-subsidization concerns."[7]

Conclusions:

AECS believes the most promising and expeditious means of addressing rate protection issues is for parties to engage in pre-filing consensus-building efforts that will result in a filing that includes appropriate rate protections. Therefore, AECS communicated with both Fortis and ITC in advance of the Application beginning in March 2016 in order to resolve its concerns. Since its concerns were not appropriately resolved, AECS submitted its comments and Motion for Adoption of Merger Conditions and will continue to work through issues via settlement procedures at FERC, if so ordered. Other parties that IPL collaborates with on transmission matters including the OCA, IBEC, Resale Power Group of Iowa (RPGI), Jo-Carroll Energy, Southern Minnesota Energy Cooperative (SMEC) and Consumers Energy have also submitted comments in this proceeding. AECS previously met with each of the FERC Commissioners in March 2016 to discuss its concerns regarding the Fortis acquisition and its desired outcome.

AECS is concerned that the Fortis acquisition of ITC Holdings Corp., as filed, could have a significant adverse impact on transmission charges paid by AECS's customers to ITC-M. It is AECS's hope that adoption of its proposed conditions will enable IPL to learn of investment plans of ITC-M before major commitments are made. Also IPL hopes that the adoption of the conditions will allow it to assist ITC-M in the development of plans for its transmission facilities that are best adapted to meet the needs of IPL's customers while helping to mitigate the costs of transmission service that might otherwise be imposed on its customers.

[6] *Policy Statement on Hold Harmless Commitments*, 155 FERC ¶ 61,189 (2016) (*Hold Harmless Policy Statement)*.
[7] Docket No. EC16-110-000, Applicants' Reply to Motions for Adoption of Merger Conditions and Applicants' Motion for Leave to Answer and Answer to Protests, filed June 17, 2016.

AECS will continue to monitor and actively participate in the instant FERC proceeding (and any future FERC proceedings) to ensure the transaction does not result in negative impacts to IPL and its customers.

H. Marshalltown Generating Station (MGS) Generator Interconnection Agreement (GIA) between MISO, ITC-M and IPL (Docket No. ER16-1083-000)

Background:

On March 4, 2016, MISO filed an unexecuted GIA between MISO, ITC-M and IPL for IPL's MGS (Docket No. ER16-1083-000). On March 24, 2016, ITC-M, IPL, and MidAmerican (Joint Parties) filed a joint protest at FERC that disputed the manner in which IPL was required to pay for Shared Network Upgrades that were initially self-funded by ITC-M. The Joint Parties argued that inequitable payment terms would result between IPL as the second Interconnection Customer, and MidAmerican as the first Interconnection Customer because of the terms of the unexecuted GIA as filed by MISO. The Joint Parties requested that FERC require MISO to revise the GIA to reflect payment terms for the Share Network Upgrades for MGS that would ensure that the first and second Interconnection Customers (MidAmerican and IPL, respectively) would pay for Shared Network Upgrades in an equitable fashion based upon their percentage of cost responsibility for the full cost of the Share Network Upgrades. The Joint Parties requested waiver of MISO tariff requirements in the event that one would be required to effectuate the proposed equitable cost sharing.

June 2016 Updated Results and Activity:

On May 3, 2016, FERC issued an order that allowed for mutually agreed upon commercially negotiated terms that would equitably share cost responsibility for Shared Network Upgrades between IPL and MidAmerican through the execution of an FSA between IPL and ITC-M. FERC found that the "commercially negotiated terms represent an uncontested non-conforming agreement between the parties," which MISO stated in its pleadings is allowable under Attachment FF of its tariff. MISO was directed to file a compliance filing within 30 days to reflect the relevant changes in Appendix A of the MGS GIA. FERC also recognized that an FSA between IPL and ITC-M must be filed in the future for FERC review, while MidAmerican must file amendments to relevant FSAs to reflect the changes and implement IPL's cost assignment. The order, however, did not see a need to amend Schedule 26-B of the MISO tariff to address the situation of second interconnection customers in the future (Docket No. ER16-1098-000 consolidated with ER16-1083-000).

On June 2, 2016, MISO filed a Substitute Amended and Restated Generator Interconnection Agreement (Agreement) between IPL, ITC-M and MISO as required by the order. The filing reflects the payment methodology that was agreed upon by the parties regarding Shared Network Upgrades in Appendix A and Appendix B (Tables A2 and B2) of the Agreement. An effective date of March 5, 2016, was requested by MISO. Comments and interventions regarding the Agreement are due no later than June 23, 2016.

Conclusions:
While IPL received the desired outcome in that Shared Network Upgrade costs associated with interconnecting MGS will be equitably shared between MidAmerican and IPL, FERC did not agree with the Joint Parties that a tariff change was necessary to ensure that future Shared Network Upgrades would be equitably shared by parties that are not the first interconnection customer.

4. MISO Activity, IPL Engagement

IPL maintains proactive and consistent engagement in the MISO stakeholder process in order to influence and help ensure changes made to the MISO tariff and related processes are beneficial to IPL customers. MISO's transmission planning procedures and cost allocation rules impact the transmission rate component of ITC-M, which may ultimately impact costs for IPL customers.

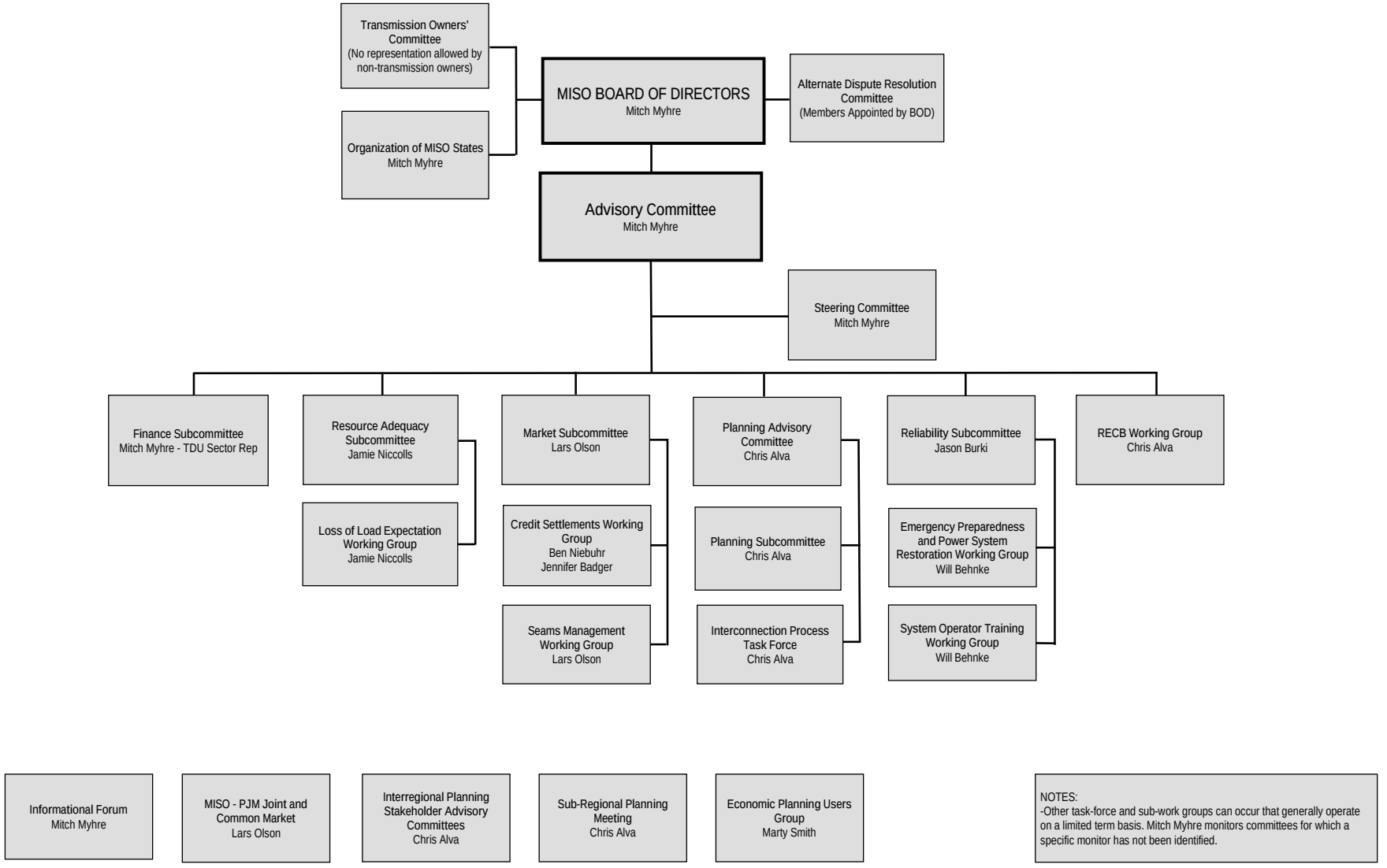
IPL monitors and actively participates in the various committees and meetings at MISO pertaining to transmission matters. Specifically, IPL's engagement with the MISO stakeholder process includes participation in the following transmission-focused groups:

- The Planning Advisory Committee (PAC) as a representative of the Transmission Dependent Utility (TDU) sector,
- Interconnection Process Task Force (IPTF),
- Planning Subcommittee (PSC),
- Interregional Planning Stakeholder Advisory Committee (IPSAC),
- West Sub-Regional Planning Meeting (West SPM), and
- Economic Users Planning Group (EPUG).

IPL has also been an active participant and voting stakeholder in the Regional Expansion Criteria Benefits Working Group (RECBWG) that is charged with shaping transmission cost allocation policy.

A summary chart of the various MISO committees IPL participates in is provided in Figure 1. The individuals representing IPL on the various committees have remained consistent from the prior Report, however, the chart has been updated to reflect changes to the stakeholder committee structure that have occurred as a result of the stakeholder process review which were finalized in 2015, after submission of the December 2015 Report (see Section A below for more information on the review).

Figure 1 – IPL involvement at MISO



Since the December 2015 Report, IPL notes the following most significant MISO activity, and IPL's engagement:

A. MISO Stakeholder Process

Background:
Reviewing and improving the MISO stakeholder process was a priority for MISO and stakeholders, including IPL, in 2015. IPL was actively involved with this review process and collaborated with other stakeholders on potential ways to improve the efficiency of MISO's stakeholder process. IPL's senior executives met with those of MISO to discuss the need for an improved MISO stakeholder process in order to more effectively and efficiently address a number of issues being raised by stakeholders.

Between August and November 2015, four workshops took place where MISO, stakeholders, and an independent facilitator reviewed and discussed the current stakeholder process. In December 2015, proposed process changes resulting from the workshops were approved by the MISO Advisory Committee. The approved changes focus on the following areas: (1) Stakeholder Committee Structure, where certain stakeholder groups were eliminated or combined with another group, (2) Issue Prioritization, where more review and agreement on what issues should be addressed is to take place and (3) Issue Management, which focuses on improving how issues are managed and how the process is enforced. These changes are being implemented by MISO and stakeholders in 2016 and should help create a more efficient and effective stakeholder process.

Current Status:
Changes to the stakeholder process have now been substantially completed. In the fourth quarter of 2016, the MISO Advisory Committee will review the effectiveness of improvements put in place and the need for any further changes. IPL is monitoring the impact of the stakeholder process changes and will provide thoughts and feedback into the planned fourth-quarter review process.

B. Resource Adequacy Construct

Background:
MISO currently has an annual resource adequacy construct in which a resource must be available for the entire MISO Planning Year (June-May) in order to be used towards meeting capacity requirements. IPL has supported MISO changing to a seasonal versus annual resource adequacy construct as a way to provide additional flexibility and efficiency with how resources can be used. For example, a seasonal construct would better recognize seasonal capacity differences of various types of resource changes, such as unit retirements and Purchased Power Agreements (PPAs) that expire at times other than at the end of the MISO Planning Year. This would avoid procuring potentially expensive replacement capacity and thus minimize costs to customers.

Current Status:

- MISO is continuing to discuss its seasonal resource adequacy construct proposal with stakeholders. In response to stakeholder concerns and requests for additional information, MISO has delayed filing its seasonal construct proposal to FERC. MISO has indicated that it still intends to file its proposal to FERC in 2016, with a targeted implementation date of the 2018/2019 Planning Year.

- While supportive of the concept of a seasonal construct, IPL is concerned that the scope of MISO's seasonal proposal is too extensive and contains a new capacity accreditation methodology that could create unnecessary costs to customers.
- IPL has brought its concerns to MISO's attention and is continuing to actively participate in the stakeholder process discussing the proposal.

C. MISO Transmission Expansion Plan (MTEP)

Background:
Due to the scope and complexity of regional transmission planning, IPL does not perform independent cost-benefit analyses of the MTEP project portfolio, Multi-Value Projects (MVPs), or individual ITC-M projects. For the MVPs in particular, due to the large interdependencies of the projects, MISO calculates the benefits on the portfolio as a whole, consistent with FERC direction, rather than for individual projects. For other non-MVP projects, such as Market Efficiency Projects (MEPs), MISO performs a cost-benefit analysis on a per-project basis. MEP projects must meet certain cost-benefit criteria to be approved by MISO. IPL actively participates in the planning and cost-benefit analysis done at the regional level through a collaborative process. IPL reviews the projects resulting from the MISO planning process and provides feedback to MISO on projects potentially impacting the transmission service and cost to IPL customers, including those of ITC-M.

IPL continues to be supportive of MISO's current cost allocation methodologies to the extent that those cost allocation methodologies ensure that IPL customers only pay the share of costs that provide benefit, and that all transmission expansion plans impacting the MISO system are fully vetted through a regional and an inter-regional planning process.

Current Status:
- MISO is currently discussing with stakeholders the inputs and assumptions that will be used with MTEP17, such as the development of the futures ("what-if" scenarios) to be used with the current transmission planning cycle in the capacity expansion analysis, resource adequacy studies, and policy studies.
- IPL has been engaged with this process through the PAC and other planning meetings and workshops MISO has held to discuss these issues.

D. MISO Review of Transmission Cost Allocation and Criteria

Background:
In 2015, MISO introduced an initiative to evaluate current cost allocation metrics and criteria to determine: (1) if they are appropriate or are generally too conservative; (2) if and to what extent they may cause barriers to cost-effective and beneficial transmission investment; and (3) to evaluate if modifications are appropriate given a changing planning environment. Based in part on feedback from stakeholders, MISO ranked the following items as high priority long-term issues to evaluate:
- MEP voltage threshold,
- MEP postage stamp allocation,
- MEP cost allocation to all Local Resource Zones,
- MVP postage stamp allocation and portfolio requirement, and
- Interregional / regional assumptions and criteria misalignment.

MISO also identified a cost allocation gap related to the MISO South Transition Period, and a lack of clear procedures for how to handle projects that meet planning objectives but fail current cost allocation criteria as short-term high priority items.

IPL is open to MISO's initiative to review the effectiveness and appropriateness of current transmission cost allocation methodologies and related criteria. However, IPL has stressed to MISO it is important that any changes to cost allocation are supported by representative studies and analysis that validate the need for the change and the proposed solution. IPL expects this to be a part of MISO's in-depth review planned for 2016.

Current Status:

- MISO has proposed a work plan to address its identified high priority short-term issues over the remainder of 2016 and into 2017.
- MISO intends to address high priority long-term issues not later than by the end of 2018.
- IPL is closely following and participating in both of these discussions which are being held within the RECB Working Group. IPL has indicated its support to MISO for reviewing cost allocation issues including the MEP postage stamp allocation, voltage threshold and allocation to Local Resource Zones as well as addressing the MISO South Transition Gap. IPL has advocated that changes to cost allocation, especially within project types that currently use postage stamp cost allocation, must be supported by representative studies that validate the changes by showing the nature and distribution of benefits of the project type throughout the MISO footprint.

E. Generation Interconnection Queue Reform

Background:

MISO is undergoing its third major queue reform[8] over the past 10 years. With the current reform effort, MISO is proposing to more holistically redesign the interconnection process with the following objectives:

- reduce restudies,
- implement higher readiness standards,
- reduce system impact studies processing times,
- reduce facilities studies processing times,
- reduce GIA negotiation and execution times, and
- improve the overall timeliness of the study process.

In addition to the improvement areas listed above, Alliant Energy has proposed to modify the interconnection process so that the energy and capacity capabilities of a resource are distinctly evaluated and determined. Alliant Energy believes MISO's interconnection process should reflect the nature of a resource to provide different amounts of energy and capacity depending on system conditions and the characteristics of that resource. Alliant Energy's proposal would maintain existing interconnection service types but more completely separate the evaluation and determination of the energy injection capability of a resource (i.e. ERIS - Energy Resource Interconnection Service) from the provision of capacity and deliverability of the capacity of the resource (i.e. NRIS - Network Resource Interconnection Service).

MISO's approach to its queue reform effort is to first focus on tariff level changes needed and then consider Business Practices Manual (BPM) and other process related changes required

[8] Regarding the process for study and analysis of applications for generator interconnections.

(such as Alliant Energy's proposal described briefly above). MISO filed its queue reform proposal tariff changes with FERC on December 31, 2015.

Current Status:

- In response to MISO's queue reform filing, Alliant Energy filed comments which provided support for MISO's proposal, but also stressed that more work is needed to create an overall improved interconnection process. A key concern MISO has yet to address relates to creating a more efficient and certain capacity accreditation process for new units.
- On March 29, 2016, FERC rejected MISO's queue reform filing. FERC recognized the importance of the queue reform effort, but found MISO's filing to be incomplete and not adequately supported. FERC also found that MISO did not address other issues that could be a factor in the current backlog of queue projects and provided some guidance to assist MISO in developing a new proposal.
- On May 13, 2016, FERC held a technical conference focused on GIAs and procedures. MISO, in partnership its stakeholders, is considering the March 29 FERC order and May 13 technical conference in determining its next steps with the queue reform effort. IPL continues to be supportive of MISO's queue reform effort and is activity engaged in the queue reform discussions occurring in the IPTF.

5. IPL and ITC-M's Joint Project Planning

Background:

IPL personnel from various levels of authority, from executives to engineering and operational staff, routinely meet with ITC-M to discuss transmission planning, including projects influenced by generation and distribution investments. These projects involve large capital projects, capital maintenance and routine operations and maintenance (O&M) projects.

IPL's engagement with ITC-M's project planning efforts is intended to:

- Ensure improvement of system reliability for IPL's customers;
- Influence demonstrated need, scope, design, timing and cost effectiveness in providing transmission service to IPL's customers;
- Coordinate and plan the IPL distribution projects impacted by or needed to support ITC-M projects; and
- Facilitate "constructability" meetings to align project timing for budgeting purposes, but also from a reliability perspective so as to minimize impacts to IPL customers.

IPL's Planning Departments meet monthly with ITC-M's Planning department. The two companies meet to coordinate conceptual planning, studies and work scope development.

June 2016 Updated Results and Activity:

Marshalltown Generation Station (MGS)

MGS anticipated in-service date is April 1, 2017, and the generation interconnection agreement (GIA) has been filed and accepted by the FERC, effective March 5, 2016, subject to MISO submitting a compliance filing, instituting the relevant changes to Appendix A of the Marshalltown GIA to reflect the payment methodology for Shared Network Upgrades that was

agreed upon by the parties. MISO submitted a compliance filing to the FERC as requested on June 2, 2016. IPL continues to closely coordinate with MISO and ITC-M on progress, including:

- Making final connections for IPL's MGS – ITC-M is ready to connect three new 161 kV lines from IPL's MGS to ITC-M Sutherland station.
- Coordinating on a number of transmission projects associated with MGS:
  - Sutherland substation expansion has been completed.
  - Marshalltown – Toledo – Stoney Point conversion is underway and expected to be completed by September, 2016.
  - Fletcher substation and line work has been completed.
  - Jasper County transformer replacement has been completed.
  - Newtown transformer replacement has been completed.
  - Marshalltown – Blairstown wave trap replacement to be completed by July 2016.
  - Fernald transformer replacement to be completed by December 2016.
  - Aurora Heights – Jasper line rebuild to start in August 2016.
  - Newtown – Prairie City line rebuild to be completed by March 2017.
  - Jasper – Newtown sag mitigation to be completed by December 2016.
  - Jasper – Laurel line uprate to be completed by December 2016.

IPL will continue to closely coordinate with MISO and ITC-M on the construction of the remaining Network Upgrades, as well as testing and commissioning of the plant to ensure a timely and reliable interconnection of IPL's MGS.

Dubuque Generation Station

- On October 22, 2016, IPL submitted a Notification for the retirement (Attachment Y Notice) of Dubuque Generation Units 3 & 4 effective June 1, 2017.
- On February 22, 2016, IPL received approval from MISO for the retirement of Dubuque Generation Units 3 & 4.
- After being reviewed for power system reliability impact as provided for under MISO's Open Access Transmission, Energy, and Operating Reserve Markets Tariff, the retirement of Dubuque Units 3 & 4 would not result in violations of applicable reliability criteria. Therefore, Dubuque Units 3 & 4 may be retired as requested without the need for the generator to be designated as System Support Resource (SSR).

IPL is committed to perform holistic studies as part of its generation retirement planning to ensure system reliability while minimizing any financial impact to its customers.

6. IPL Analysis of ITC-M and MISO Rates

Background:

IPL has an internal process to project transmission expenses using the following resources, among others:

- Anticipated MISO billings (including those for MVPs),

- ITC-M revenue requirements projections and capital expenditure projections (to the extent available),
- ITC-M Attachment O True-Up information for the prior year,
- FERC decisions that impact transmission rates, and
- ITC-M projected Attachment O rate posted for the next year.

IPL's transmission expense projections are then used to determine the annual RTS factors filed with the Board. IPL incorporates all these variables into its transmission expense projections for the Energy Pricing Outlooks for overall industrial customer rates, including transmission. These Energy Pricing Outlooks are communicated to customers through periodic webinars, presentations at customer forums such as the annual IPL Energy Summit and the Semi-Annual IPL Transmission Stakeholder Meetings. Energy Pricing Outlooks are updated as new information becomes available, such as the ITC-M Attachment O True-Up for the prior year (posted in June of each year) and the ITC-M projected Attachment O rate for the next year (posted by September of each year), and IPL's determination of the annual RTS factors (as filed with the Board each November).

June 2016 Updated Results and Activity:

- ITC-M posted revised estimates of the 2016 Projected Attachment O Rate on its MISO OASIS on January 7, 2016. ITC-M will charge $9.618/kW-Mo for 2016 rather than the $9.798/kW-Mo projected in August 2015. The revision to the projected rates was due to a FERC decision in Docket No. ER16-208-00 that resulted in refunds of approximately $6.6 million related to Contributions in Aid of Construction (CIAC).
- As discussed in more detail in the FERC Transmission Activity section of this report, IPL pursued use of the MISO Formula Rate Protocols and FERC processes to challenge ITC-M's 2015 and prior transmission rates as imprudent for failure by ITC-M to utilize bonus depreciation. ITC-M posted final 2015 true-up information on June 1, 2016, which included a presumptive $2.5 million reduction in rates to account for bonus depreciation.
- ITC-M will conduct a 2015 true-up stakeholder meeting in July 2016 and IPL will attend. IPL has reviewed the posted information and, as appropriate, has submitted and may submit additional questions to ITC-M pursuant to the MISO Formula Rate Protocols.
- IPL continues to monitor ITC-M publicly posted information for additional insight into ITC-M future rates, in absence of any forecasts beyond the current year posted on OASIS.

Conclusions:

As a result of the pending MISO transmission ROE dockets at FERC and actions to date, IPL expects that transmission Base ROE will very likely decrease and refunds may begin as early as 2017, and are anticipated to flow through ITC-M Attachment O rates and true-ups. Flow-through of any refunds to IPL customers is anticipated to be made through IPL's Rider RTS. ITC-M's 2015 Attachment O true-up posting indicates that the true-up calculations reflect the impacts of bonus depreciation. IPL is currently reviewing ITC-M's calculations of the impact of bonus depreciation included in the true-up posting, including submitting questions to ITC-M on June 27, 2016. IPL will discuss the results of this review in its December 2016 report.

7. Transmission Outage Performance and Operations Coordination

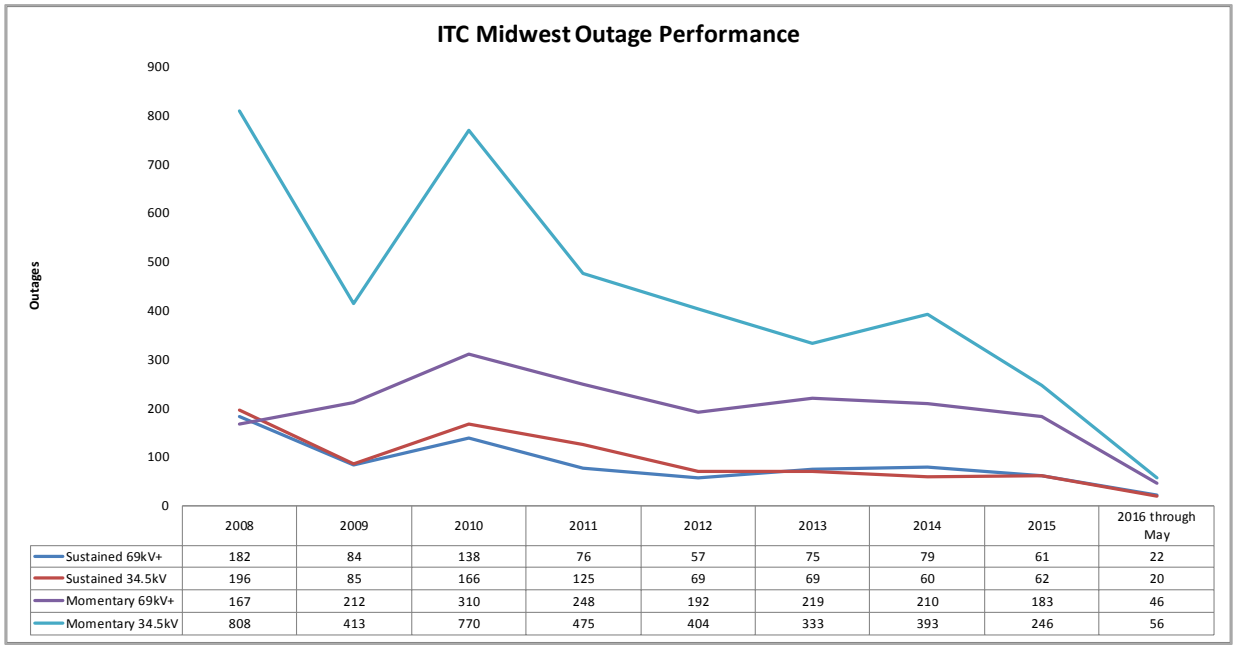
Background:

As part of the joint IPL/ITC-M Operations Committee, representatives of IPL's Distribution Dispatch Center meet once a year to review ITC-M system studies as part of the summer preparedness, and on as-needed basis with their counterparts from ITC-M's field operations and Operations Control Room to discuss outage history, reliability metrics and other operations-related topics.

June 2016 Results and Activity:

From the asset performance data provided by ITC-M representing the number of transmission line outages, IPL has updated the graph shown in Figure 2. Through May 2016, the data illustrates a continued improvement and maintained trend of fewer sustained and momentary outages since the transmission asset sale by IPL and purchase by ITC-M. The years 2008 and 2010 data are considered abnormal due to the number and severity of weather events. Data for this particular metric is only available back to 2008 when ITC-M acquired the transmission system, since IPL tracked outage statistics in a different way prior to 2008.

Figure 2 – ITC-M Outage Performance

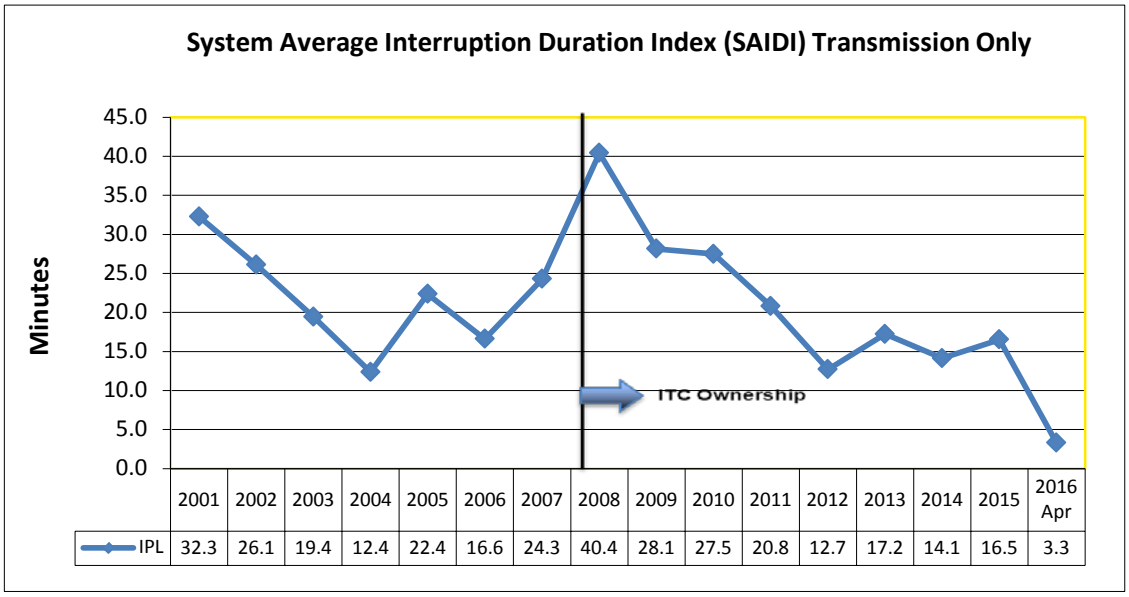


	2008	2009	2010	2011	2012	2013	2014	2015	2016 through May
Sustained 69kV+	182	84	138	76	57	75	79	61	22
Sustained 34.5kV	196	85	166	125	69	69	60	62	20
Momentary 69kV+	167	212	310	248	192	219	210	183	46
Momentary 34.5kV	808	413	770	475	404	333	393	246	56

Industry standard measures of the customer outage experience (SAIDI and SAIFI; transmission only) are shown again in Figures 3 and 4, updated by IPL through April 2016. These metrics provide a long term comparison of both reliability and restoration performance, since the data have been consistently collected by IPL before and after the transmission system sale to ITC-M. The data illustrates the customer reliability performance in terms of transmission only for the period through May 2016. While weather events can also greatly impact these measures, "major" events such as the 2007 ice storm and 2008 floods have been excluded using Board

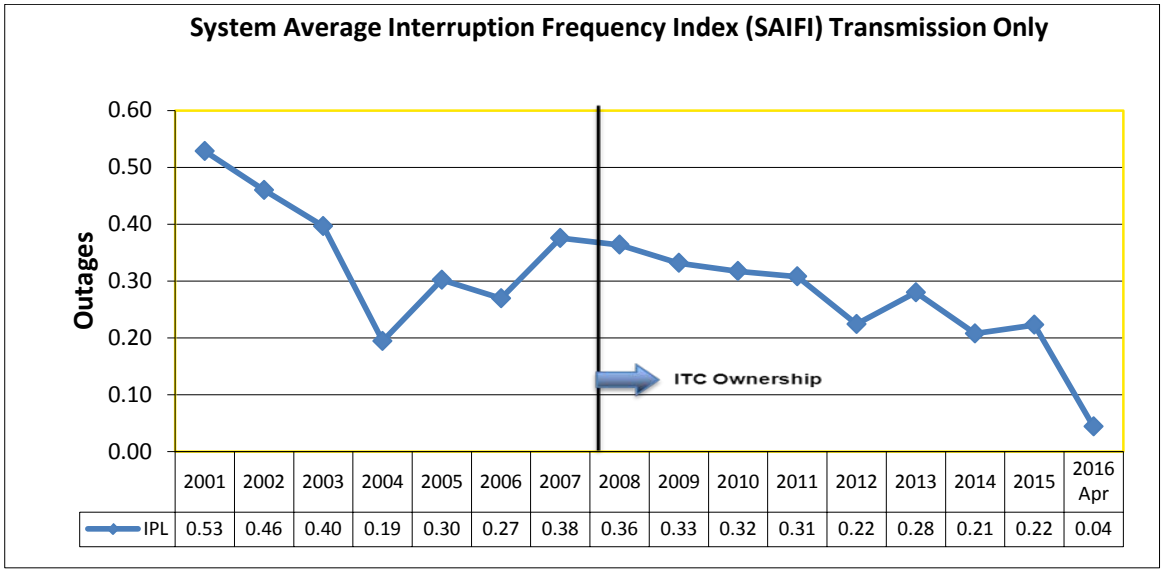
criteria. Consistent with the ITC-M Outage Performance data, IPL's transmission SAIDI and SAIFI data illustrates a continued improvement and maintained trend of fewer and shorter sustained outages since the transmission asset purchase by ITC-M.

Figure 3 – Transmission Reliability, SAIDI (System Average Interruption Duration Index) – Average length in minutes of outages for all customers.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Apr
IPL	32.3	26.1	19.4	12.4	22.4	16.6	24.3	40.4	28.1	27.5	20.8	12.7	17.2	14.1	16.5	3.3

Figure 4 – Transmission Reliability, SAIFI (System Average Interruption Frequency Index) – Average number of outages experienced by all customers.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Apr
IPL	0.53	0.46	0.40	0.19	0.30	0.27	0.38	0.36	0.33	0.32	0.31	0.22	0.28	0.21	0.22	0.04

Conclusions:
Reliability and asset performance metrics have been updated with April 2016 year-to-date data and are shown in Figures 3 and 4, illustrating a continued, significant and maintained trend of fewer sustained and momentary transmission outages, as well as shorter durations.

8. Transmission Stakeholder Meetings

Background:
The Board's January 10, 2011 Final Decision and Order in Docket No. RPU-2010-0001, allowing IPL to implement Rider RTS, identified expectations for the working relationship between IPL, ITC-M, and other interested parties. Beyond compliance with the order, IPL views collaboration with these stakeholders as beneficial to process improvement and customer relations. Throughout the last several years, the meetings have served to educate and inform participants as well as offer a forum for dialogue and input.

June 2016 Updated Results and Activity:
On June 6, 2016, IPL held its eleventh Transmission Stakeholder Meeting in Marshalltown, Iowa at IPL's Technical Training Center.

Invitations were extended to IPL customers, customer consortium representatives, Board staff, OCA staff, and other stakeholders. With similar attendance to prior meetings; participating in-person or by phone were 12 IPL industrial customers, 3 customer consortium representatives, 1 OCA representative, 3 ITC-M staff and various IPL staff. Similar to past meetings, the summary agenda included reviews of:

- Transmission Operations and Planning Update
- Transmission Policy & Regulatory Update
- Open Q&A Panel, Collaboration w/ IPL
- ITC-M Rate Update

The agenda also included an Open Q&A Panel to facilitate more discussion. During the Open Q&A Panel participants expressed interest in state and regional benchmarks for transmission activity and identified topics of interest for future meetings, such as IPL long-term transmission planning and a deep-dive on ITC-M rate true-up analysis. Special presentations included a briefing from ITC-M on *Transmission Benefits: Relieving Congestion*, as well as briefings from IPL on the proposed Fortis acquisition of ITC-M and our upcoming rate case. The group also received a tour of the Marshalltown Generating Station (MGS) combined-cycle gas plant that is currently under construction.

The agenda and meeting presentation are attached to this Report as Appendix 1 and Appendix 2, respectively.

Conclusions:

IPL received very positive feedback from the survey completed by participants at the end of the meeting. Survey respondents also offered suggestions for future meeting discussion topics. IPL will work with ITC-M and other parties to cover the suggested topic areas—long-term operational planning, transmission rate and true-up analysis, sustainability, and grid security—at the next meeting in December.

9. Timetable of Events Influencing Transmission Rates & Service

A timetable of upcoming selected events in 2016 influencing transmission rates and project planning is listed in Table 2.

Table 2 – Timetable of events influencing transmission rates & service

2016	Description
June	• ITC-M 2015 True-Up posted.
July	• ITC-M 2015 True-Up Review Meeting held.
September – October	• ITC-M 2017 Attachment O rates posted by September 1. • IPL analysis and evaluation of ITC-M Attachment O rate for 2017. • Initial IPL evaluation and feedback on ITC-M projects in MTEP 2017.
November	• MISO to hold first MTEP17 West Subregional Planning Meeting where ITC-M and other area Transmission Owners present upcoming MTEP projects. • IPL 2017 Rider RTS Factors submitted to the Board.
December	• IPL Transmission Stakeholder Meeting • IPL 2017 Regional Transmission System (RTS) Rider Factors approval by the Board normally anticipated. • MISO Board of Directors consideration for approval of MTEP 2017 projects.
January	• 2017 RTS effective January 1, 2017.

Appendix 1
Page 1 of 1

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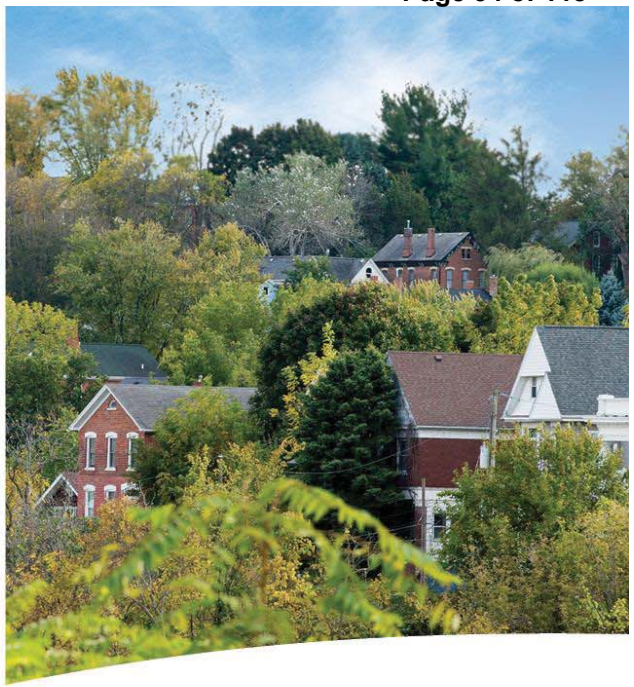
Interstate Power and Light

Transmission Stakeholder Meeting Agenda

Monday, June 6, 2016
9:00 AM – 2:30 PM
IPL Marshalltown Training Center
Marshalltown, IA

Time	Topic	Presenters
8:30	Arrival / Networking	n/a
9:00	Welcome & Introductions Opening Remarks	Anne Lenzen, Director – Regulatory Affairs, Alliant Energy Joel Schmidt, VP – Regulatory Affairs, Alliant Energy
9:20	Transmission Operations and Planning Update	Chris Alva, Manager – Transmission Planning, Alliant Energy
9:55	Transmission Benefits: Relieving Congestion	Abu Elteriefi – Supervisor, Operational Planning, ITC-M
10:30	Break	
10:45	Transmission Policy & Regulatory Update	Eric Guelker, Director – Transmission Policy and Sales Forecasting, Alliant Energy
11:15	Proposed Fortis Acquisition of ITC Update	Michael Greiveldinger, Managing Attorney, Alliant Energy
11:30	Rate Case Update	Anne Lenzen, Director – Regulatory Affairs, Alliant Energy
12:00	Lunch	
12:30	Open Panel Q&A, Collaboration w/ IPL	*Panel:* Joel Schmidt, Eric Guelker, Joe McGovern *Moderator:* Anne Lenzen
1:00	Safety Briefing MGS Project Overview	Kelly Ewing, Lead Corporate Safety Specialist, Alliant Energy Lee Hanson, Director Generation Construction, Alliant Energy
1:15	Tour (bus to MGS)	n/a
2:30	Adjourn	



Welcome

Alliant Energy – Interstate Power & Light Co. Transmission Stakeholder Meeting

IPL Marshalltown Training Center – Marshalltown, IA

June 6, 2016

ALLIANT ENERGY

Welcome & Introductions

Anne Lenzen

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Director, Regulatory Affairs

Alliant Energy

Today's Agenda

- Opening Remarks
- Transmission Operations & Planning Update
- ITC Midwest Presentation

Break

- Transmission Policy & Regulatory Update
- Proposed Fortis Acquisition of ITC Update
- Rate Case Update

Lunch

- Open Q&A Panel, Collaboration w/ IPL
- MGS Tour

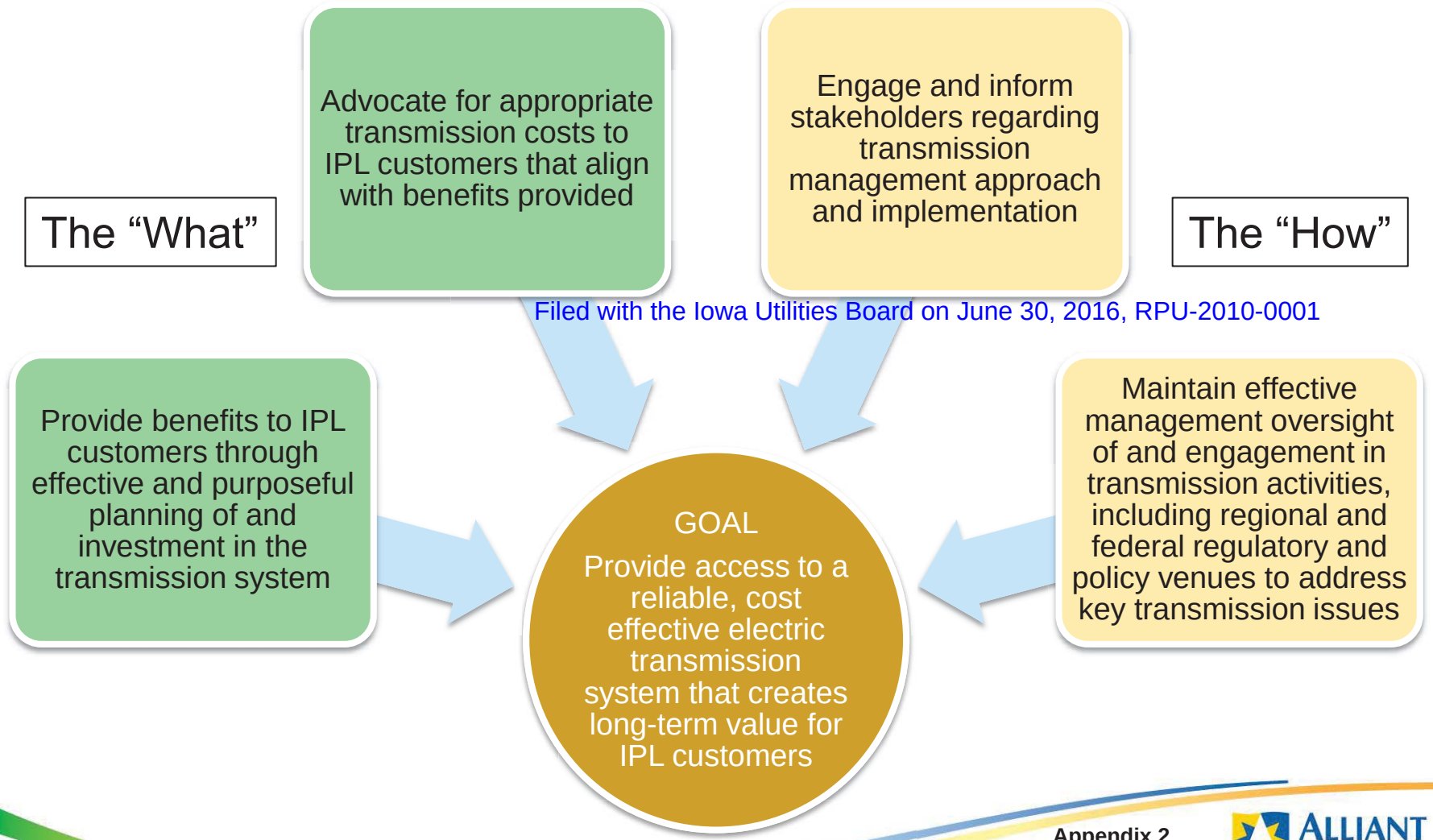
Opening Remarks

Joel Schmidt

Vice President – Regulatory Affairs

Alliant Energy

Transmission
IPL Management Approach



Questions?

Transmission Operations and Planning Update

Chris Alva

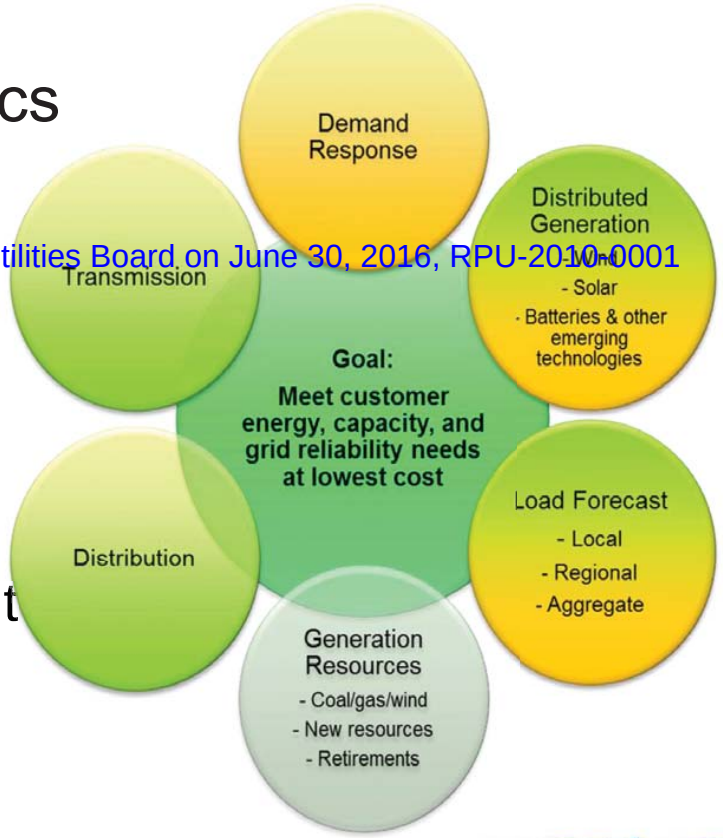
Manager – Transmission Planning

Alliant Energy

Key topics for today

Discussion of IPL Planning, Projects and Engineering with emphasis on Transmission

- Transmission Reliability Metrics Update
- Transmission Outage Coordination
  - Toledo Conversion
- Generation Studies
  - Dubuque Generation Retirement
  - WPL Riverside Expansion
- Distribution
  - 25 kV Distribution Voltage



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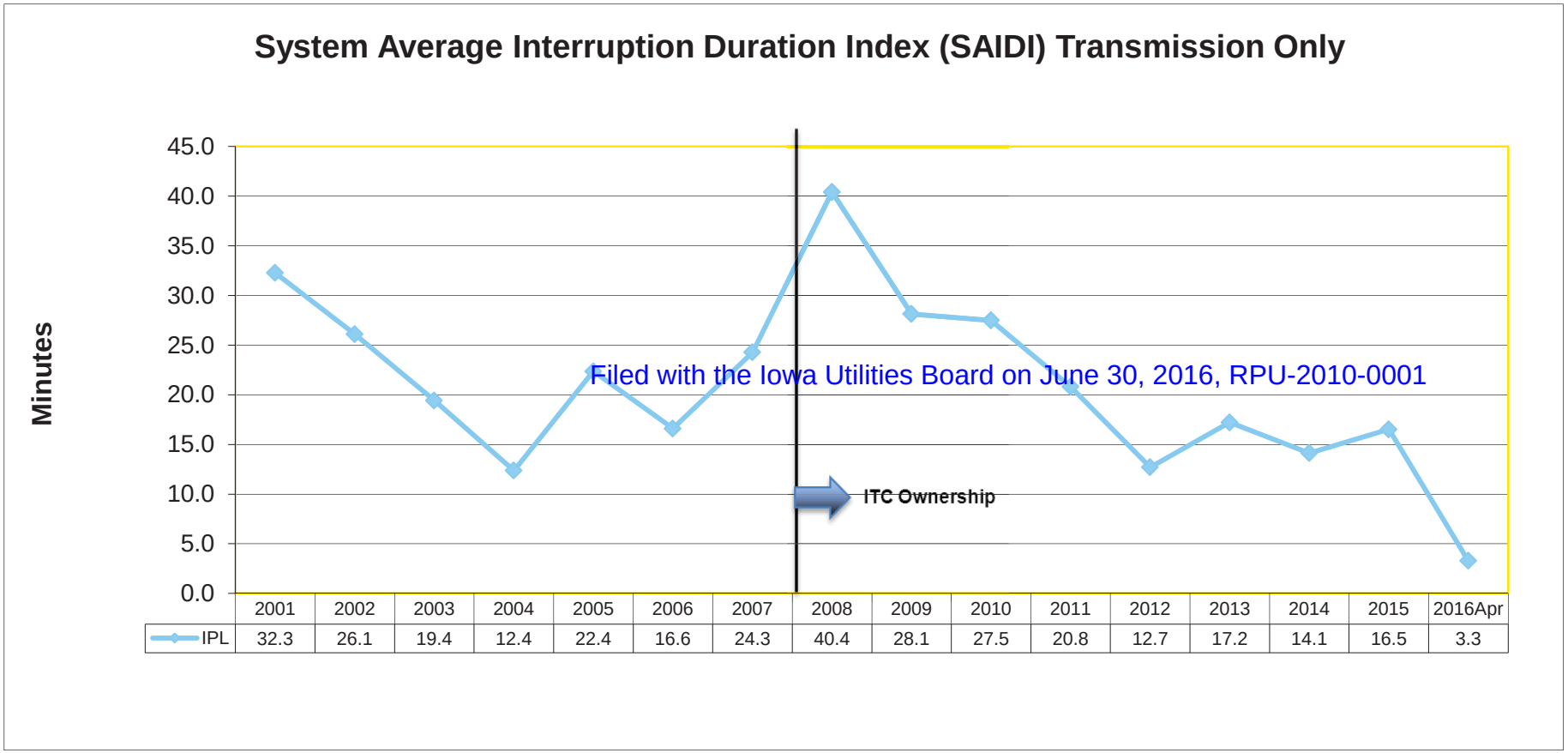
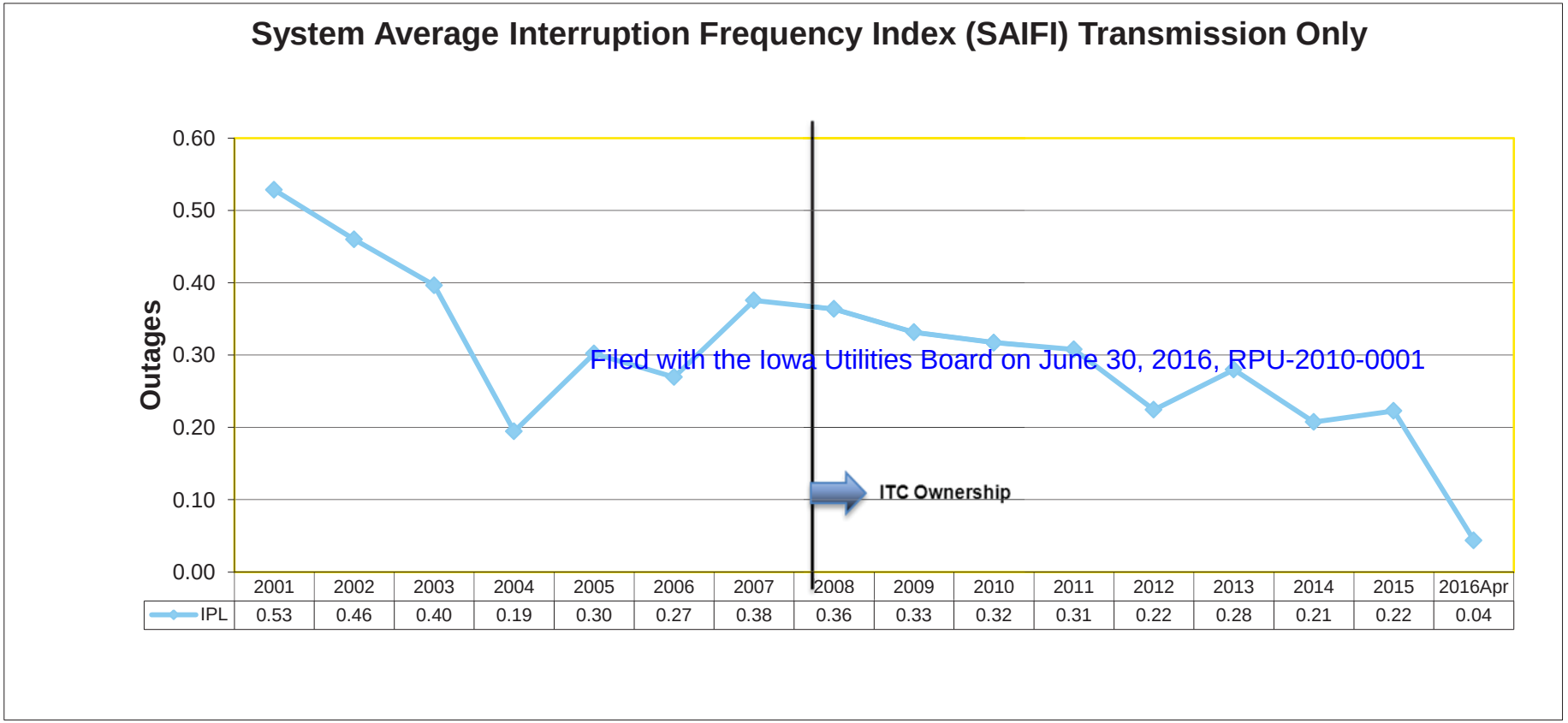
Transmission Benefits – Reliability



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016Apr
IPL	32.3	26.1	19.4	12.4	22.4	16.6	24.3	40.4	28.1	27.5	20.8	12.7	17.2	14.1	16.5	3.3

From prior analysis work, estimated outage cost savings to customers in the range of $168-498 million, in 2013 $ over the life of the assets, from the first few years of ITC-M ownership and operation

Transmission Benefits – Reliability



Significantly improved transmission reliability, with transmission investments helping reduce the frequency of transmission outages by approximately 30% since 2010

Average number of outages experienced by all customers.

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Transmission Outage Coordination – Toledo Conversation

Project

- Support transmission outages for the conversion of the Marshalltown – Toledo line

Actions

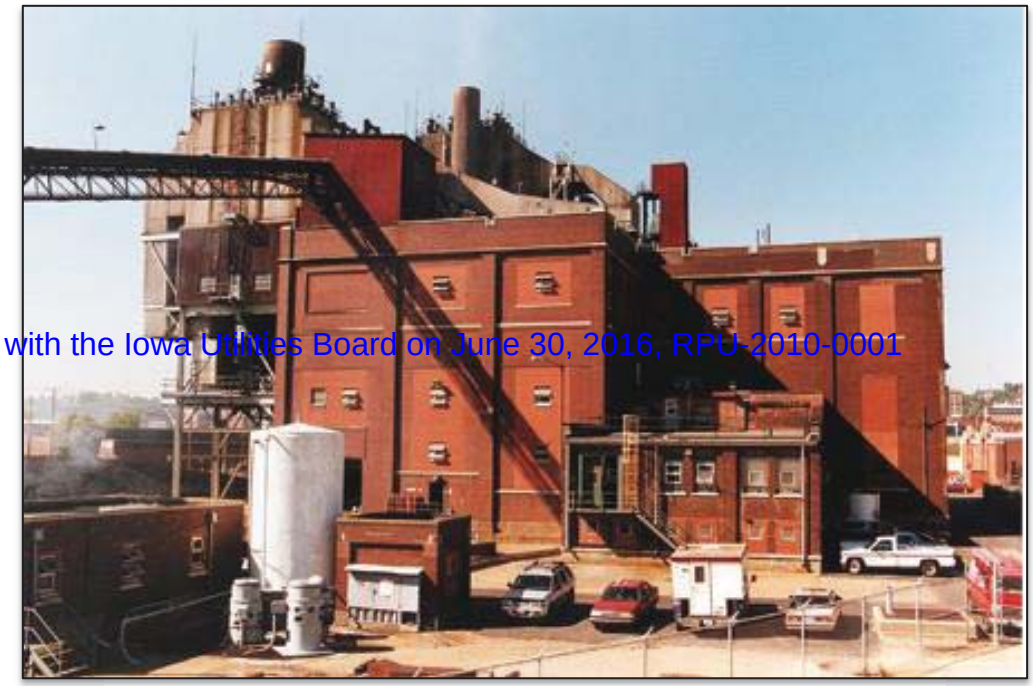
- Efforts began in 2015 to determine necessary steps to support this project
- Installation of a "Temporary" substation to maintain system reliability during conversion of the Toledo transmission station
- ITC-M re-purposed a 115/34.5 kV 20 MVA transformer from Iowa Falls area retirements to support a temporary substation
- Reconfiguration of the 34.5 kV system to reduce rural exposure during conversion project

Results

- Completed conversion and commissioning of new facilities with no significant impact to area loads

Dubuque Generation Retirement

- Dubuque (8th St) Generation is a gas-fired generating facility.
- Dubuque Unit 3 & Unit 4 account for 68.5 MW of generation



Dubuque Generation Retirement

- Previous plan was to retire Dubuque unit in June 1, 2016
- Capacity and transmission needs delayed retirement to June 1, 2017
  - **Capacity**
    - IPL projected a resource adequacy capacity shortfall of ~ 50 MW for the 2016 – 2017 Planning Year
  - **Transmission**
    - ITC-M is currently working on transmission upgrades in this area [Salem – Dubuque 8th St 161 kV Line] with an expected date in-service date in October 2016
- MISO approved the retirement of the units effective June 1, 2017

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Another positive outcome in the MISO Generation Interconnection Process

- **Project Description**
  - Approximate 700MW combined cycle natural gas facility near Beloit, WI
  - Solar installation of approximately 2MW
  - Expected in-service date in 2020
- **Engagement**

  - Coordinated efforts with multiple entities (i.e. MISO, PJM, ATC and PSCW) to evaluate the Point of Interconnection (POI) for the plant
  - Necessitated advancement of numerous deliverables to ensure the lowest cost option for customers
- **Results**
  - Study results indicate a decrease of approximately $70M in Network Upgrades when interconnecting the plant to the alternative POI

25 kV Distribution Voltage

Automation

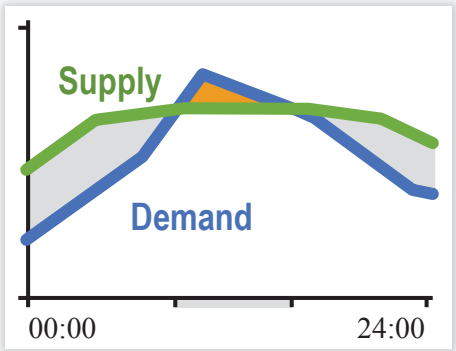
Efficiency

Renewable Energy

Storage

Transportation

Demand-Side Management



Microgrids

25 kV Distribution Voltage

- **Benefits**
  - Fewer substations needed than if using 15 kV
    - Lower maintenance cost
    - Less sites requirement equipment for future automation and control
  - Increase contingency capabilities
    - Improve outage restoration
    - Reduce reliance on mobile substation
    - Reduce planned outages to support transmission maintenance

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

	Current Substation Count	Substations 15 kV	Substations 25 kV	Reduction in Substations
IPL	474	393	221	172

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25 kV Distribution Voltage

- **Benefits**
  - Opportunity to reduce miles of transmission line
    - **Case Study: 25kV Perry Area (37 miles from Bayard to Perry to Woodward)**
      - Reduce number of substations from six (6) to one (1)
      - Increase load growth capability
      - Increase substation utilization
      - Decreased conductor sizes in rebuild areas
      - Stiffer system provides improvement of power quality
      - Allows 34.5kV customers to convert at much lower cost
      - Provide higher level of contingency to most customers

Key takeaways

- Even as a Transmission Dependent Utility, IPL continues to actively engage and participate on an array of transmission activities

- IPL Planning, Engineering, and Operations active engagement and oversight continues to create value for IPL customers

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Questions?

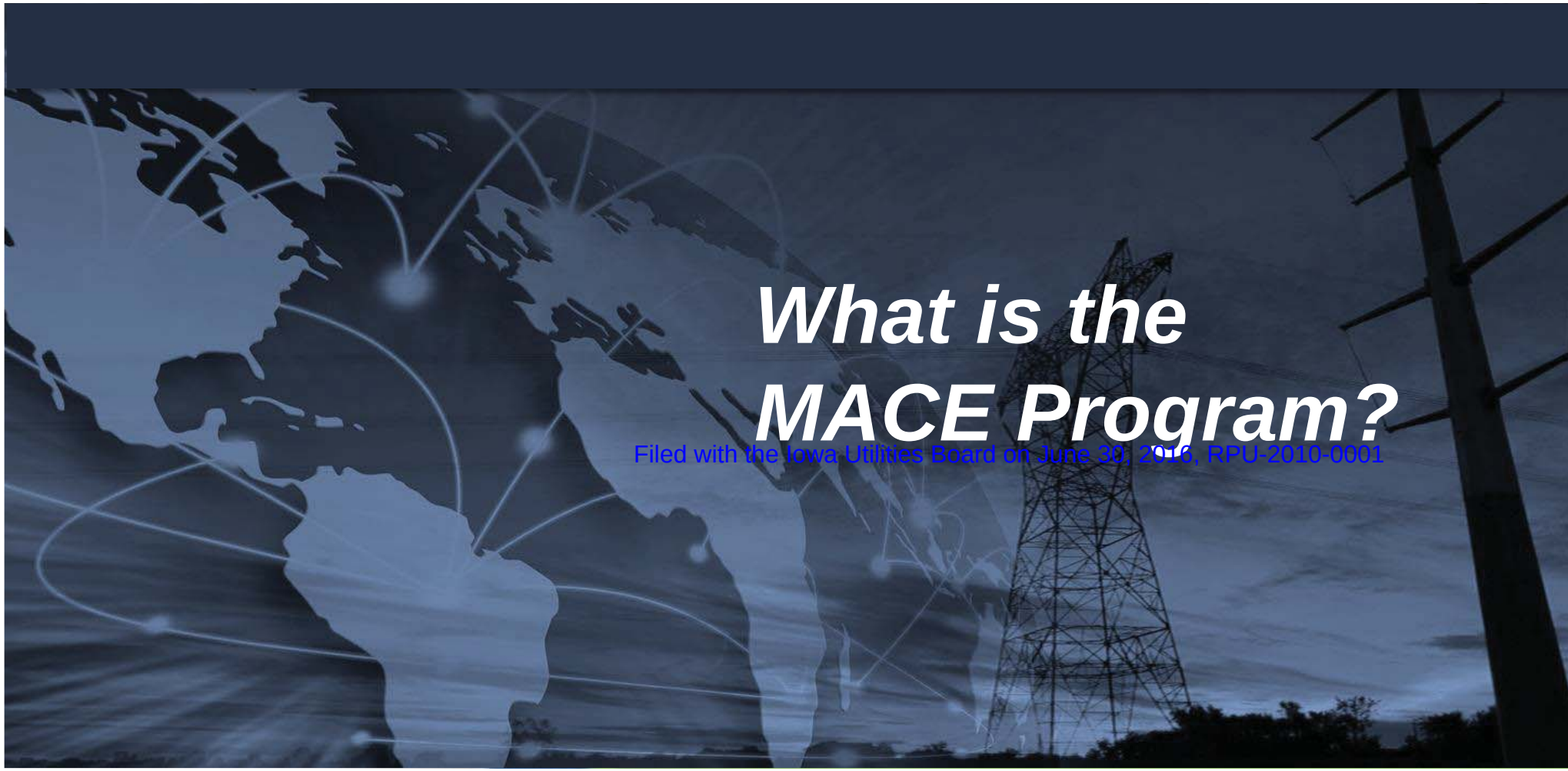
ITC Market Analysis and Congestion Evaluation (MACE) Program

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Abubaker Elteriefi, PE
Supervisor, ITC Midwest Operational Planning

MACE Presentation Overview

- What is MACE?
- Why ITC cares about congestion
- Congestion in Iowa
- Congestion monitoring and calculations
- MACE process
- Results
- Next Steps



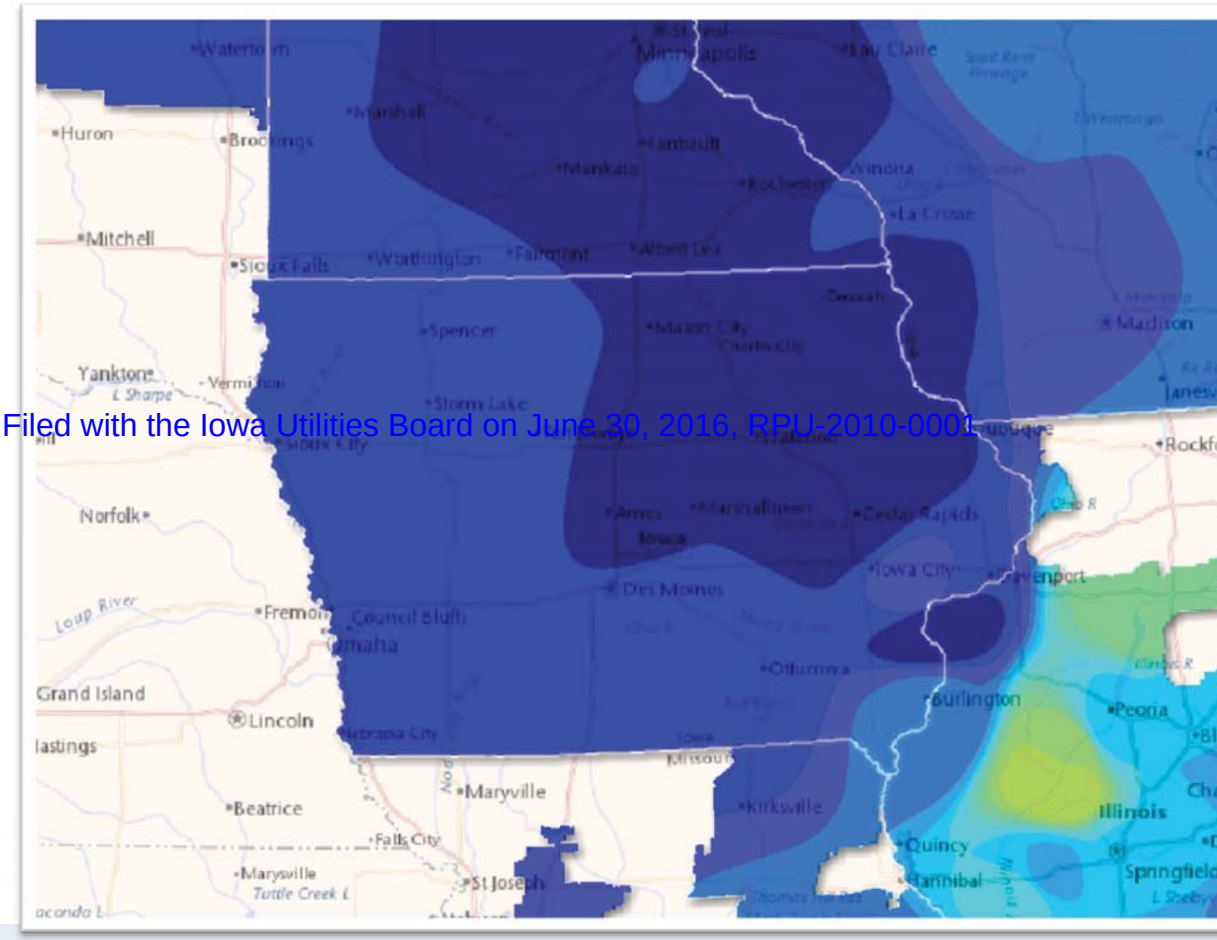
What is the MACE Program?

- ITC developed program to help us monitor congestion in our footprints and act on that information when possible
- Started work on the program early in 2013

Why Does ITC Care About Congestion?

Why Does ITC Care About Congestion?

- Regulator and Stakeholder group increased **focus** on congestion
- Increased **awareness** of the impact our outages can have
- Desire to **reduce congestion impact** when we can, while still completing work necessary for reliability



Reducing Customer Impact

- Improve transmission system **utilization**
- Reduce **impact** of outages on customers
- Maximize generation outlet **capacity**

Congestion in Iowa

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Why Congestion Exists

Changing generation mix

Nearing the finish

Marshalltown Generating Station 70 percent complete

April 8, 2016

By MIKE DONAHEY - Staff Writer (mdonahey@timesrepublican.com) , Times-Republican

Cassville plants power down in 2015

Closing of Nelson Dewey Generating Station and Stoneman Station biomass plant is 'going to be scary for a while.'

BY CRAIG D. REBER
craig.reber@thmedia.com

CASSVILLE, Wis. — Shortly before noon Tuesday, Alliant Energy shut down a turbine generator at its Nelson Dewey Generating Station, marking the end of an era in the village of about 950 people.

Construction on the plant began in 1957 and it went online in 1959. In July 2012, Wisconsin Power and Light, a subsidiary of Alliant Energy, announced it would shut down the coal-powered station and eliminate 58 full-time positions.

"I had a heavy heart," said Peg Rewey, whose husband, Rob, worked at the Nelson Dewey plant since 1981. "We didn't think it would ever happen, but unfortunately it did. When they shut the power off for good, I think a few tears were shed."

The community was dealt another blow last year. In late July, 27 employees at DTE Energy's Stoneman Station biomass plant in Cassville were informed that the plant would shut down by the end of 2015.

Keevin Williams, Cassville village president, worked at Nelson Dewey for 30 years.

Keevin Williams

"It's going to be a hard thing for the community," he said. "It's a legacy that's ending, considering how long the plant has been there. Wisconsin Power and Light is a fantastic neighbor to the village, all of the years it's been there. You couldn't have asked for a better company to work with from a village standpoint."

Peg Rewey recalled the good times. She and Rob moved to Cassville from Fennimore in 1981 after he got the job.

"Nelson Dewey was a family," Peg said. "When we first came to town, there were Christmas parties. We had such good times, summertime family picnics. Lots of good memories."

She said a neighbor's husband helped build the plant.

"That's how a lot of the families

See POWER, PAGE 19A

TH video
Village president describes the mood in the village in lieu of closures, THonline.com

MidAmerican adds $3.6B to wind goal

...bility company strives to offer customers 100 percent renewable energy...

...ONNELLE ELLER

MidAmerican Energy took a ...ant, $3.6 billion step Thursday ...ward its goal of meeting all of ...s customers' power needs with ...reen energy such as wind and solar.

With the investment, the Des Moines utility's largest, MidAmerican would get 85 percent of its energy from wind, CEO Bill Fehrman said Thursday at a news conference with Gov. Terry Branstad and Debi Durham, the state's economic development director.

"We have a dream to deliver 100 percent renewable energy to our customers," Fehrman said.

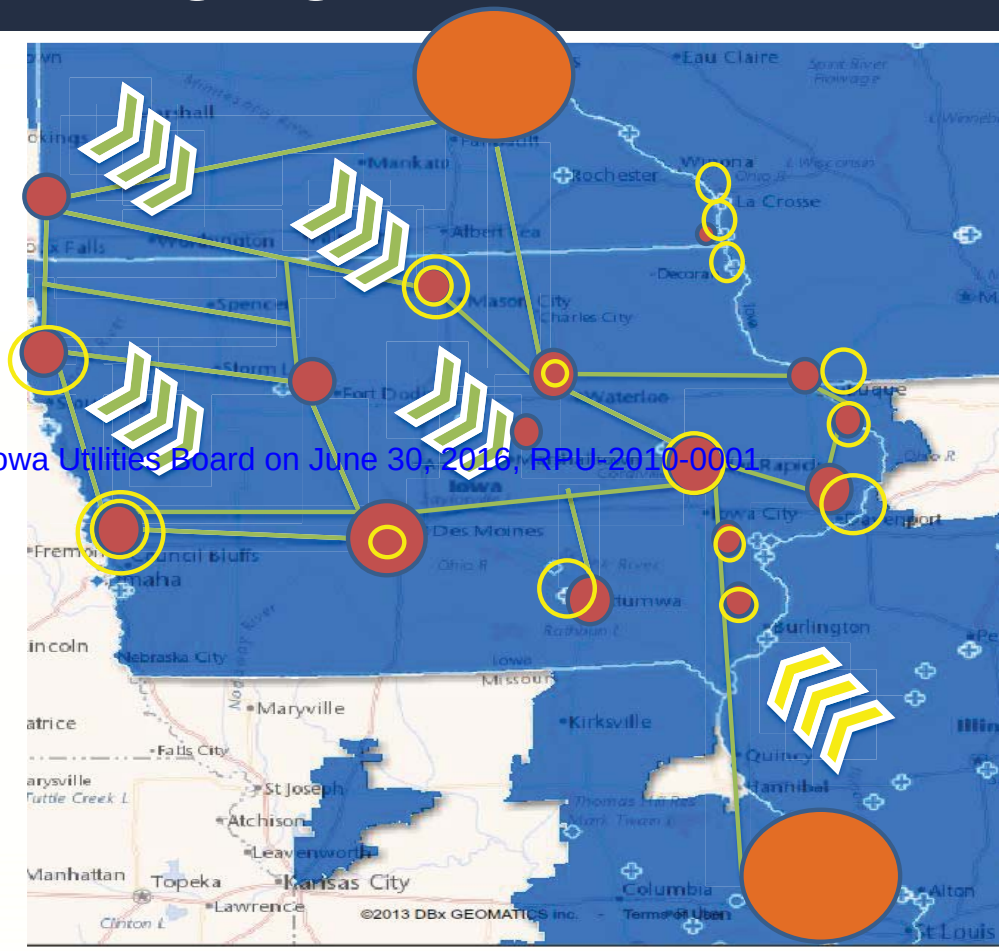
Officials with the Des Moines

See WIND, Page 7A

Increased regulations

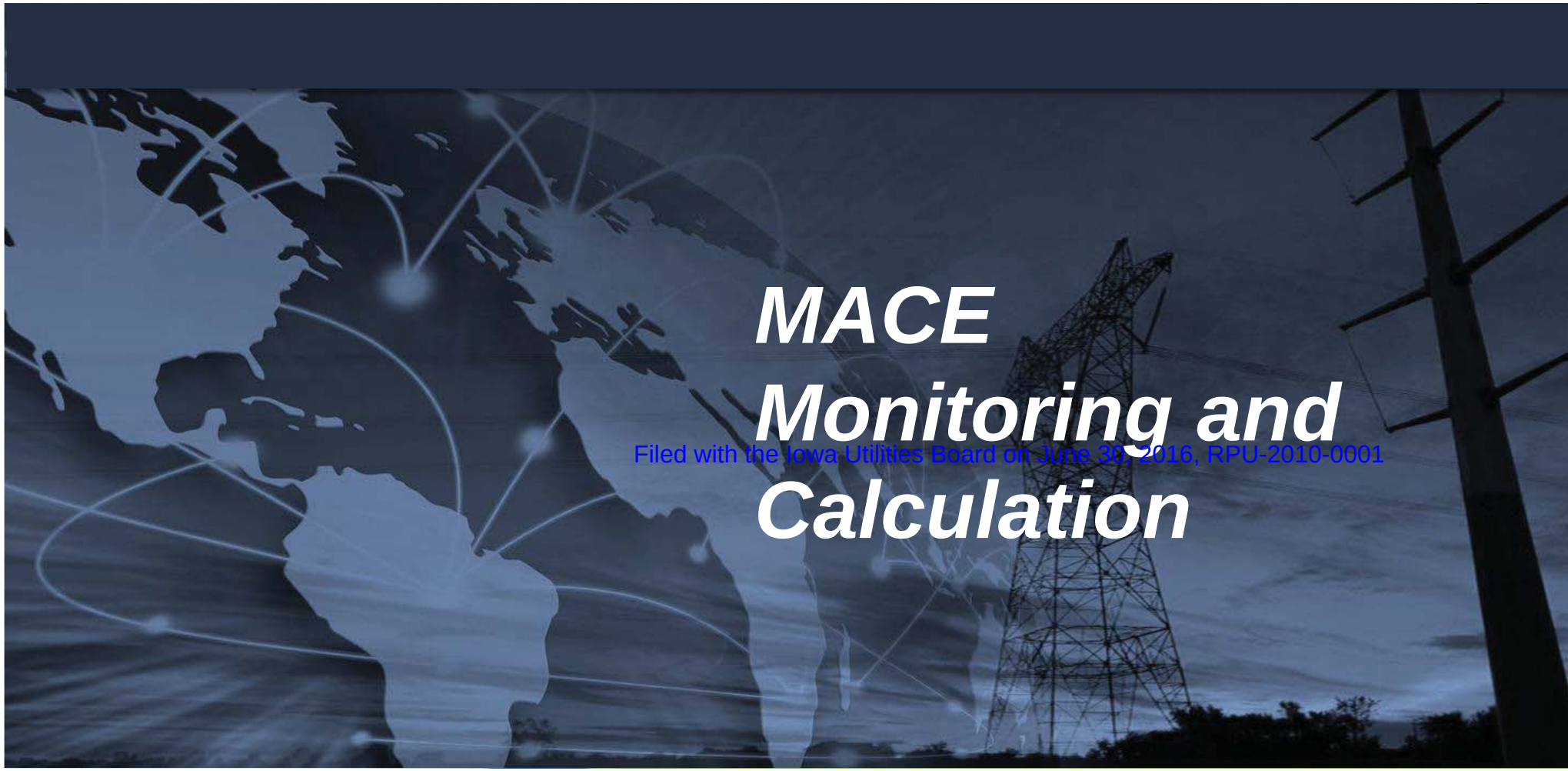
Why Congestion Exists: Changing Generation Mix

- **Then**
  - Base-load units near load centers
  - Transmission to support generation outlets and outages
  - S/E to N/W flow stressing the system (congestion)
- **Now**
  - More Variable Resources away from load centers
  - Base-load unit retirements
  - N/W to S/E flow stressing the system (congestion)



Why Congestion Exists: Increased Regulations

- More and longer planned transmission outages
- More generating unit testing
- Reduced capacity due to derates
  - Facility Ratings NERC Alert



MACE Monitoring and Calculation

MACE Monitoring and Calculation

- **How do we monitor congestion?**
  - ***Real Time:*** Operations Control Room (OCR) staff monitor via:
    - MISO verbal communication and MISO Binding Constraint information
  - ***After the Fact Review***: archive, issue, review, and discuss reports on a daily, weekly, monthly and yearly basis
  - Will discuss more and give examples in later section
- Congestion Calculation Methodology
  - Primary calculation method today is based on MISO binding constraint report

Calculation Limitations and Disclaimer

- Calculated congestion costs are a *benchmark*
- *Not* true cost of congestion experienced by customers
- Customers hedge for congestion with a variety of tools:
  - Day Ahead Market versus Real-time Market
  - FTRs
  - Virtual Transactions
  - Other methods
- *Impossible* for ITC to calculate true cost of congestion in our footprints
- *However…* Congestion benchmark tells us the magnitude of "unhedged" congestion, and allows us to track trends

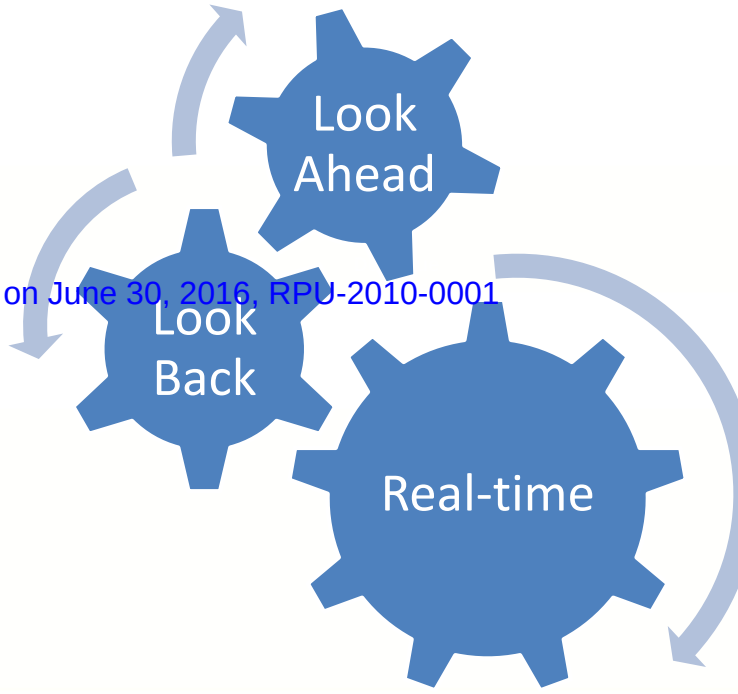
Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

MACE Process

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

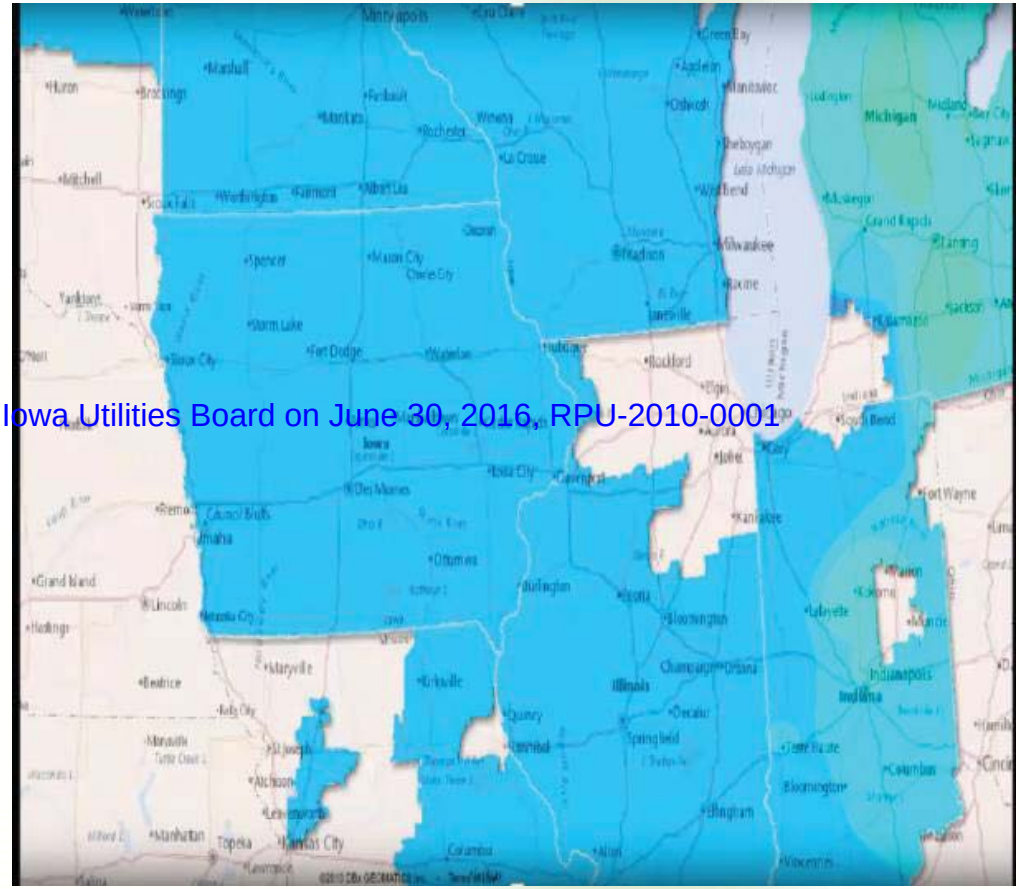
MACE Process: Real-Time

- **In Real Time:**
  - When congestion is imminent or is occurring:
    - OCR staff discusses with MISO, verifies ratings being used, etc.
    - ITC Ops Engineering looks at causes of congestion:
      - Can we do anything to mitigate?
      - Make suggestions to MISO, when appropriate
      - Discusses with ITC Planning and ITC Engineering when appropriate



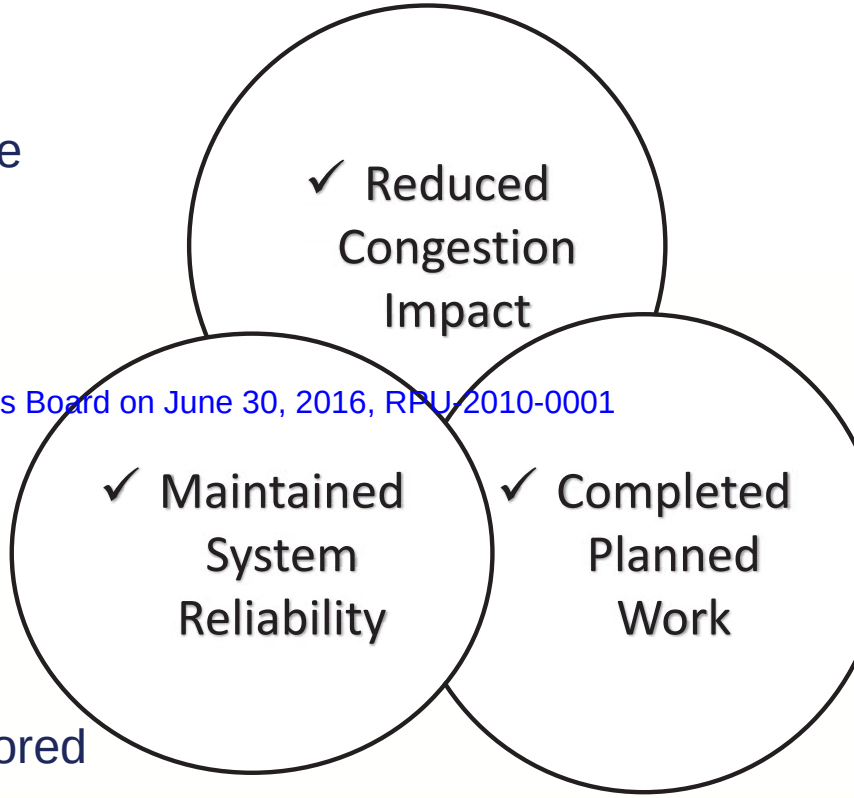
Real-Time Monitoring

- **Process**
  - Monitor MISO's real-time market reports
  - Validate binding constraints
    - Ratings confirmation
    - Network modeling review
  - Mitigate constraint impact
    - Apply operating guide plans
    - Adjust outage schedules
  - Review next day detailed report



Real-Time Monitoring

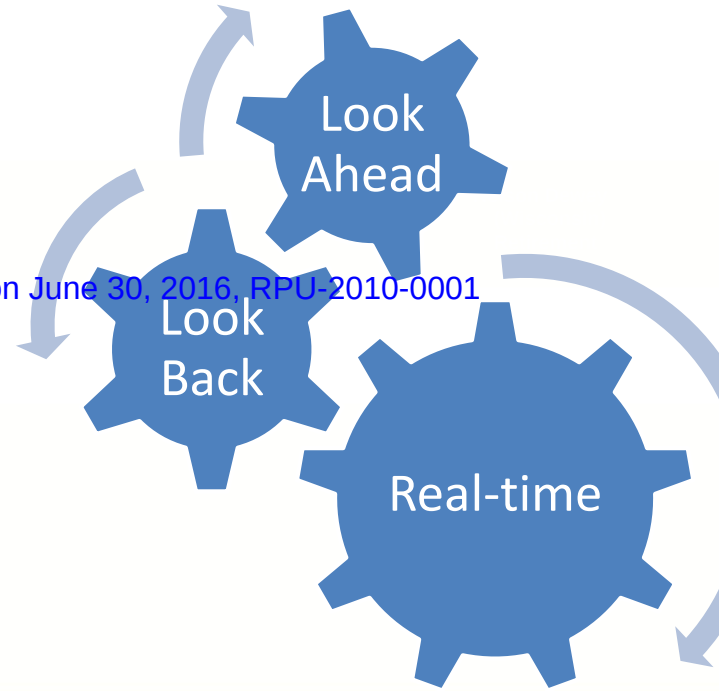
- **Challenge**
  - A 161kV line out of service on a planned outage
  - A major 345kV line forced out of service
  - A new Binding Constraint was activated
- **Action**
  - Validated Binding Constraint
  - Reviewed operating guide plans
  - Reviewed generation and load forecast
  - Restored the 161kV line outage
  - Resumed outage after the 345kV line was restored



Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

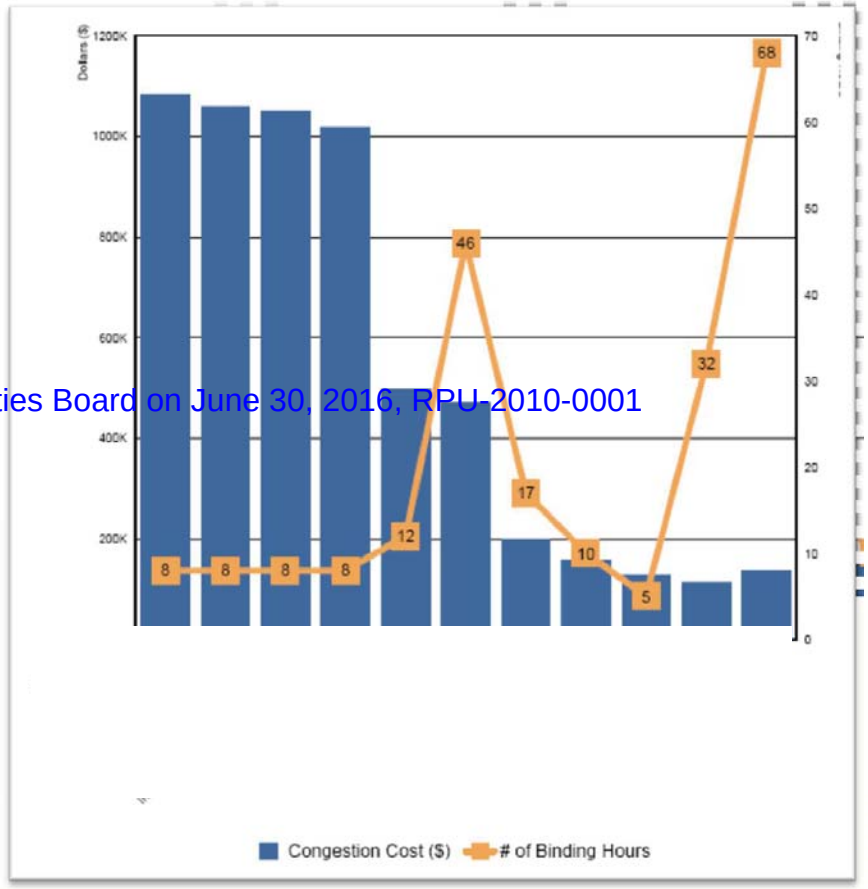
MACE Process: After the Fact

- **After the Fact:**
  - Daily: Review significant congestion events from the *previous day*
  - Weekly: MACE team looks at *previous week's* report to spot trends,
  - Monthly: Review top four congested flow gates in our footprints with Operations management team
    - Ops Engineering staff does a "deep dive" for the top four, looking at:
      - Congestion factors: ITC outage impacts, generation configuration, high wind, neighboring TOP impacts, loop flow, etc.
      - Actions taken for short term mitigation (if any)
      - Long term fixes



Weekly Review

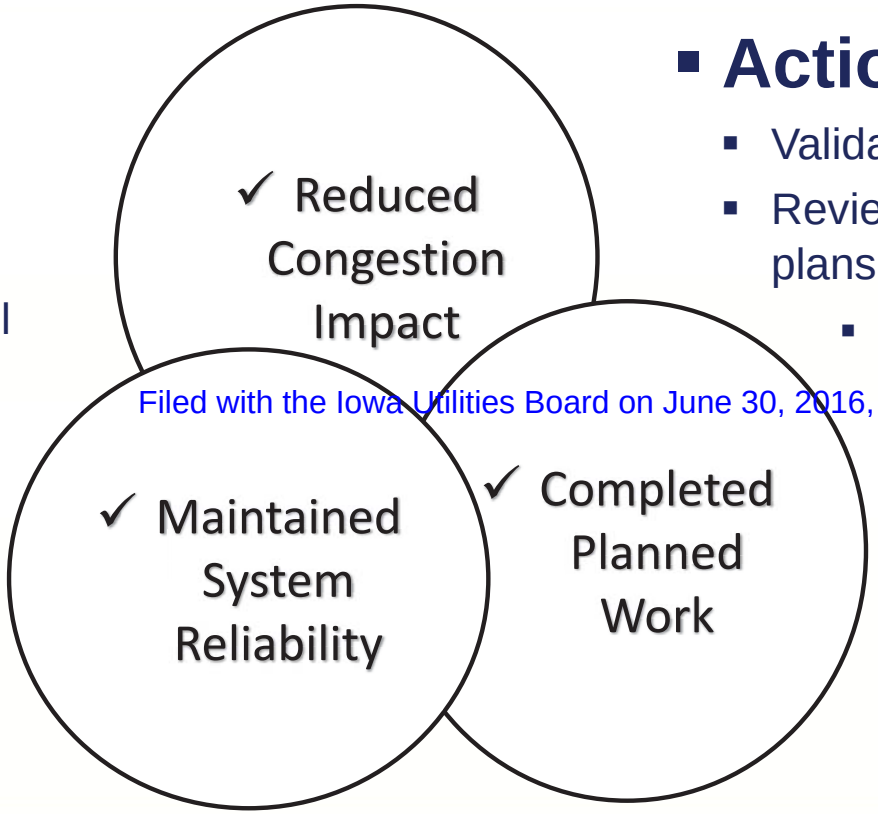
- **Process**
  - Review weekly MACE Reports
  - Look for trends and possible escalation
  - Follow up on pending mitigation plans
  - Expand mitigation plans
    - Develop or expand operating guides
    - Adjust outage schedules
    - Propose high impact low cost upgrades
  - Report plans to ITC senior management



Weekly Review

Challenge

- A transmission line in central Iowa is out of service on a planned outage for upgrade
- Loading increased on parallel path during high wind
- An operating guide was developed to ensure system reliability and manage congestion
- MACE Weekly Report indicated an escalation in congestion costs!



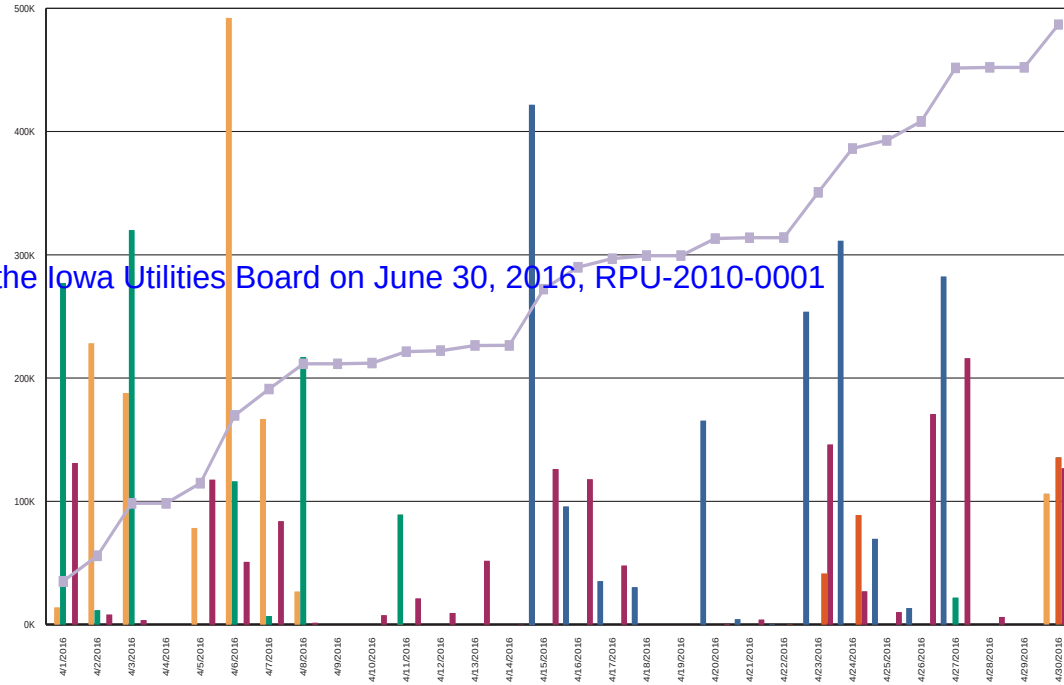
Action

- Validated Binding Constraint
- Reviewed operating guide plans
  - Updated operating plan based on observed system conditions

Monthly Review

Look back

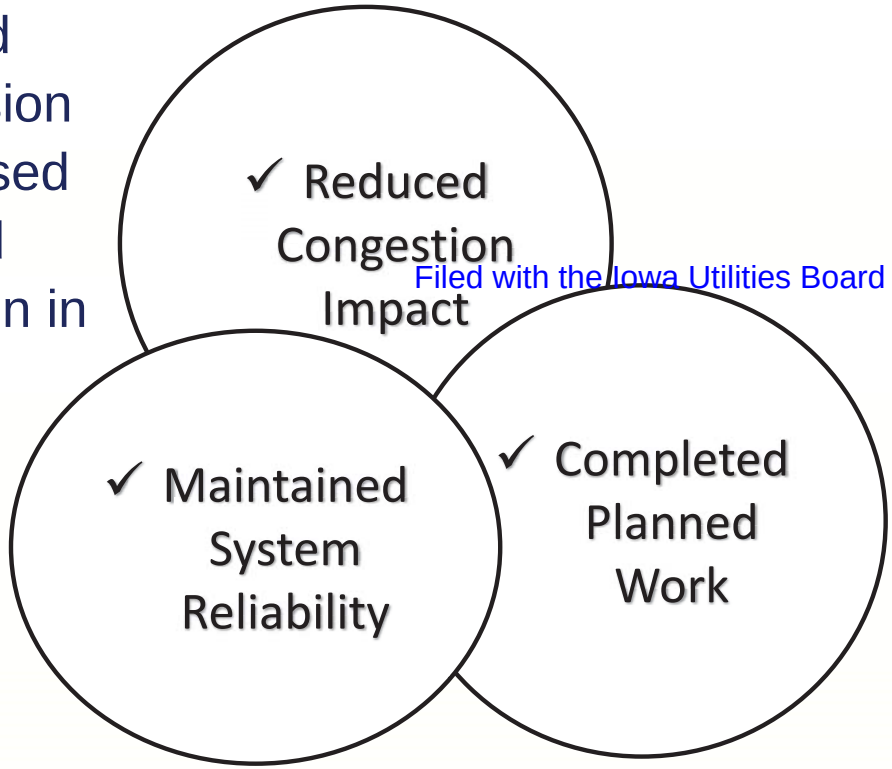
- Top four constraints
  - Ratings assessment
  - Contributing factors
    - Outages
    - System conditions
  - Short term mitigations
    - Add outages to the “Watch List”
    - Recommend minor system upgrades
    - Develop Operating Guides
  - Long-term plans
  - Report results to ITC management



Monthly Review

Challenge

- Low-rated transmission lines caused increased congestion in Southern Iowa

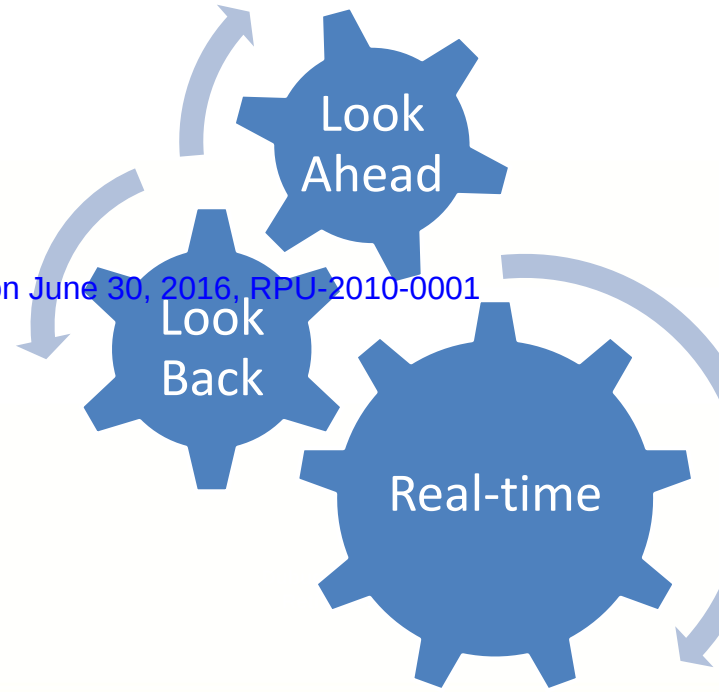


Action

- An operating guide was developed to reduce congestion in Southern Iowa
- Configuration plan helped reduce congestion while maintaining system reliability
- Next level constraint still causing some congestion
- Evaluated options to mitigate next level constraint
- Identified and implemented low-cost, high-impact solution

Monthly Review

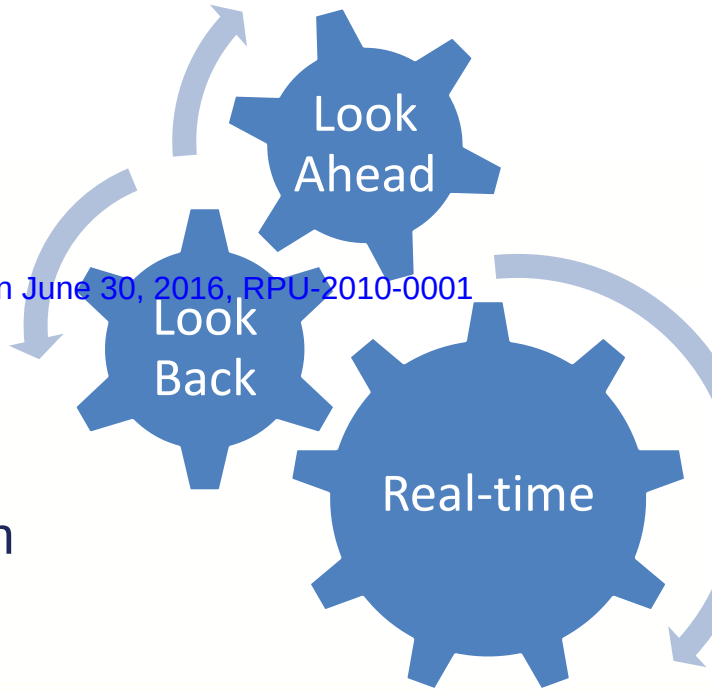
- **Look ahead: Outage Scheduling**
  - Congestion impacts now considered in our outage scheduling process
  - Evaluate historical congestion for similar outages/configurations ("Watch List")
  - Determine if outage changes are possible for significant congestion events:
    - Move outage to another date?
    - Cancel coincident outages?
    - Work hot? 24x7?



MACE Process: Feedback Loop

How do people outside of ITC Operations get information?

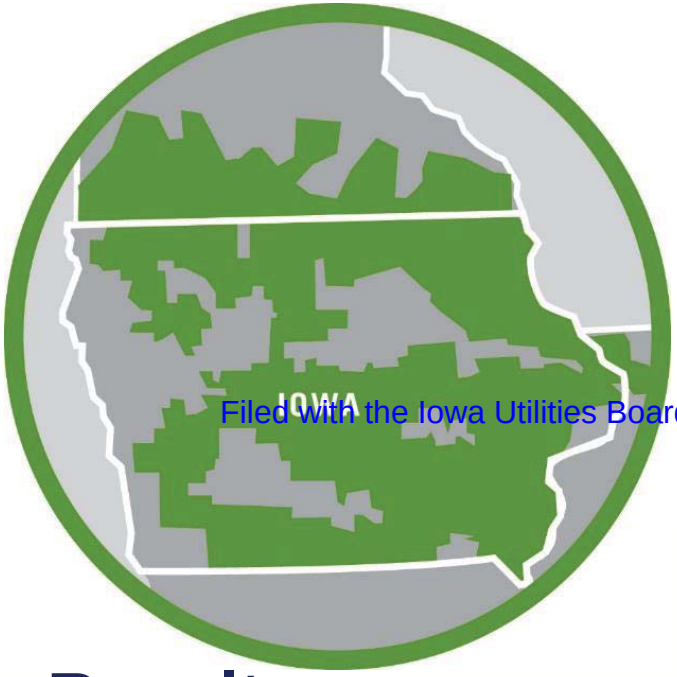
- Planning and ITC senior executives are on Congestion Report distribution lists
- Operations meets with planning periodically to discuss operational issues that were noted, including congestion
- Engineering is frequently consulted when we run into congestion issues to get clarifications on equipment ratings, etc.



Challenges, Actions and Results

Challenges, Actions and Results

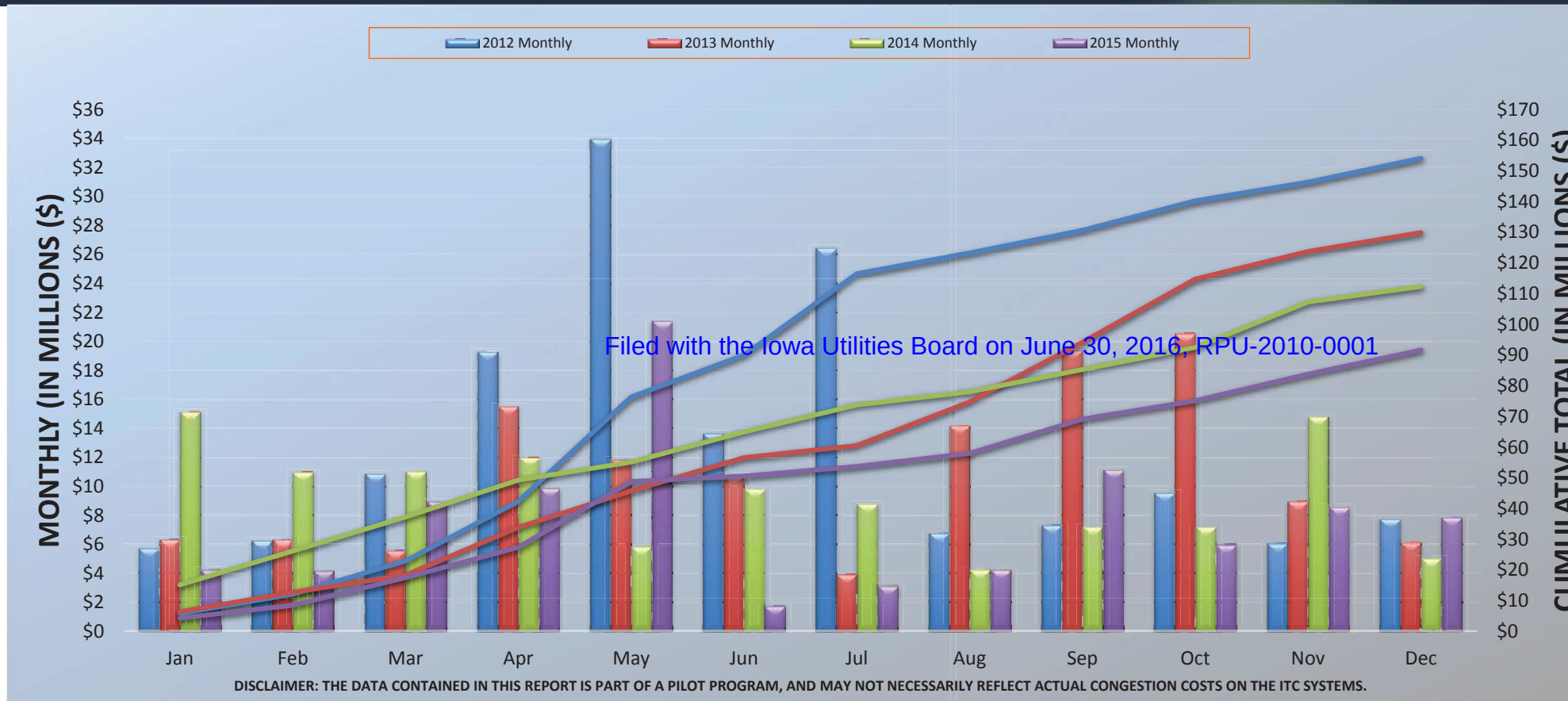
- **Challenges**
  - Changing generation mix
  - Reduced capacity
  - Increased outage frequency and duration



- **Actions**
  - Integrated MACE into operations processes
  - Developed operating guides to reduce impact on customers
  - Implemented high-impact, low-cost solutions
  - Worked to identify long-term plans

- **Results**
  - ***Benchmark indicators trending lower!!!***

Midwest Four-Year Trend



DISCLAIMER: THE DATA CONTAINED IN THIS REPORT IS PART OF A PILOT PROGRAM, AND MAY NOT NECESSARILY REFLECT ACTUAL CONGESTION COSTS ON THE ITC SYSTEMS.

Next Steps, Conclusion and Contact Information

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Next Steps

- Continue to refine calculations
- Look for other/better ways to calculate/monitor congestion
  - Binding Constraint info measures congestion due to one constraint
  - Add up MCC portion of LMP at each node in footprint?
    - Would give indication of total congestion from all sources
- Expand “Watch List” to improve outage planning
- Continue to reach out to stakeholders for suggestions and feedback

Conclusion

ITC is committed to reliable operation at the least cost to customers

The MACE program was developed to help us minimize customer costs

We welcome your input and help to refine this program!!

Contact Information for MACE Program

Mike Moltane
Manager, Operations Policy
248-946-3093
mmoltane@itctransco.com

Abubaker Elteriefi
Supervisor, ITC Midwest Operational Planning
248-946-3132
aelteriefi@itctransco.com


Questions?
Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- Break -

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Transmission Policy & Regulatory Update

Eric Guelker

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Director – Transmission Policy and Sales Forecasting

Alliant Energy

Transmission Policy

Federal Energy Regulatory Commission (FERC)

Primary regulatory agency that *develops and oversees* transmission policy

Midcontinent Independent System Operator (MISO)

Primary transmission provider and organization (for IPL) that *implements* transmission policy

ITC Midwest

Primary transmission owner in IPL service territory that works in conjunction with IPL and MISO to implement transmission policy

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Key Aspects of Transmission Policy
Federal & state energy policy objectives
Regional transmission planning & projects
Transmission infrastructure development & modernization
Transmission costs & cost allocation

IPL has and will continue to engage in transmission policy to advocate for IPL customers with ITC Midwest, MISO and FERC.

Transmission Policy Key Issues

- ITC Bonus Depreciation Opt Out
- Transmission Return on Equity (ROE)
  - MISO ROE Complaints
  - Changes to ROE – ***Refunds likely!***
- ITCM 2015 Attachment O True-Up

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- ITCM Attachment FF / Transmission Network Upgrade Funding
- FERC Order 1000

ITCM Bonus Depreciation Opt Out

March 2016 FERC Orders (ER16-206 and ER15-1250)

Favorable FERC Rulings

- WPL and IPL created "serious doubt" as to opt out decision prudence
- ITCM did not demonstrate decision was prudent
- FERC will require ITCM to take bonus depreciation (BD) beginning in 2015

ITCM Requirements

- Recalculate 2015 rate assuming BD on 2015 assets – refund in 2017
- Indicate in annual filings or on OASIS if intend to opt out in future
- Avoid normalization violation by filing 2015 federal tax return without BD opt out

While FERC required ITCM to take BD in 2015, FERC declined to order ITC to request to amend prior year federal tax returns to take it.

ITCM Bonus Depreciation Opt Out

After the FERC Orders …

April 2016: ITCM filed rehearing requests

- FERC finding of imprudence in error
- Overreach of FERC authority to order ITCM to take BD
- Taking BD in 2015 rates would result in normalization violation

April 2016: IPL and WPL responded to rehearing requests

- IPL and WPL argued taking BD in 2015 rates would not result in normalization violation
- IPL requested FERC reconsider its order and provide a remedy for ITCM opt out prior to 2015

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

April 2016: Stakeholders support IPL response

- IUB/OCA, RPGI and ICC file at FERC in support IPL position that ITCM should take BD in 2015 rates
- **Thank you to stakeholders for your support**

May 2016: FERC granted ITCM rehearing requests

- FERC needs more time to review -- doesn't imply FERC will or will not change its decision
- No deadline for FERC ruling on rehearing requests

ITCM true up adjustment shows $2.5M 2015 rate reduction from taking BD

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MISO Base ROE Complaints

Original Complaint (EL14-12) November 2013

- Reduce ROE from 12.38% to 9.15%
- Limit equity to no more than 50% for ratemaking purposes
- Eliminate incentive RTO and independence adders

FERC Initial Decision October 2014

- Established ROE refund date of November 12, 2013
- Denied complaints requesting 50% equity contribution limit and eliminating incentive adders

FERC ALJ Initial Decision December 2015

- Reduce ROE to 10.32% -- midpoint of upper half of zone
- Cited anomalous capital market conditions and "illogical" to have ROE lower than most state-level ROEs

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Original Complaint (EL14-12) Current Status

- Final order by FERC expected in 2H 2016
- 15 month refund period: November 2013 – February 2015

Second Complaint (EL15-45) Current Status

- FERC ALJ decision expected June 2016; final order Q2 2017
- 15 month refund period: February 2015 - May 2016

Is a third complaint coming? Future refunds may be reduced without it.

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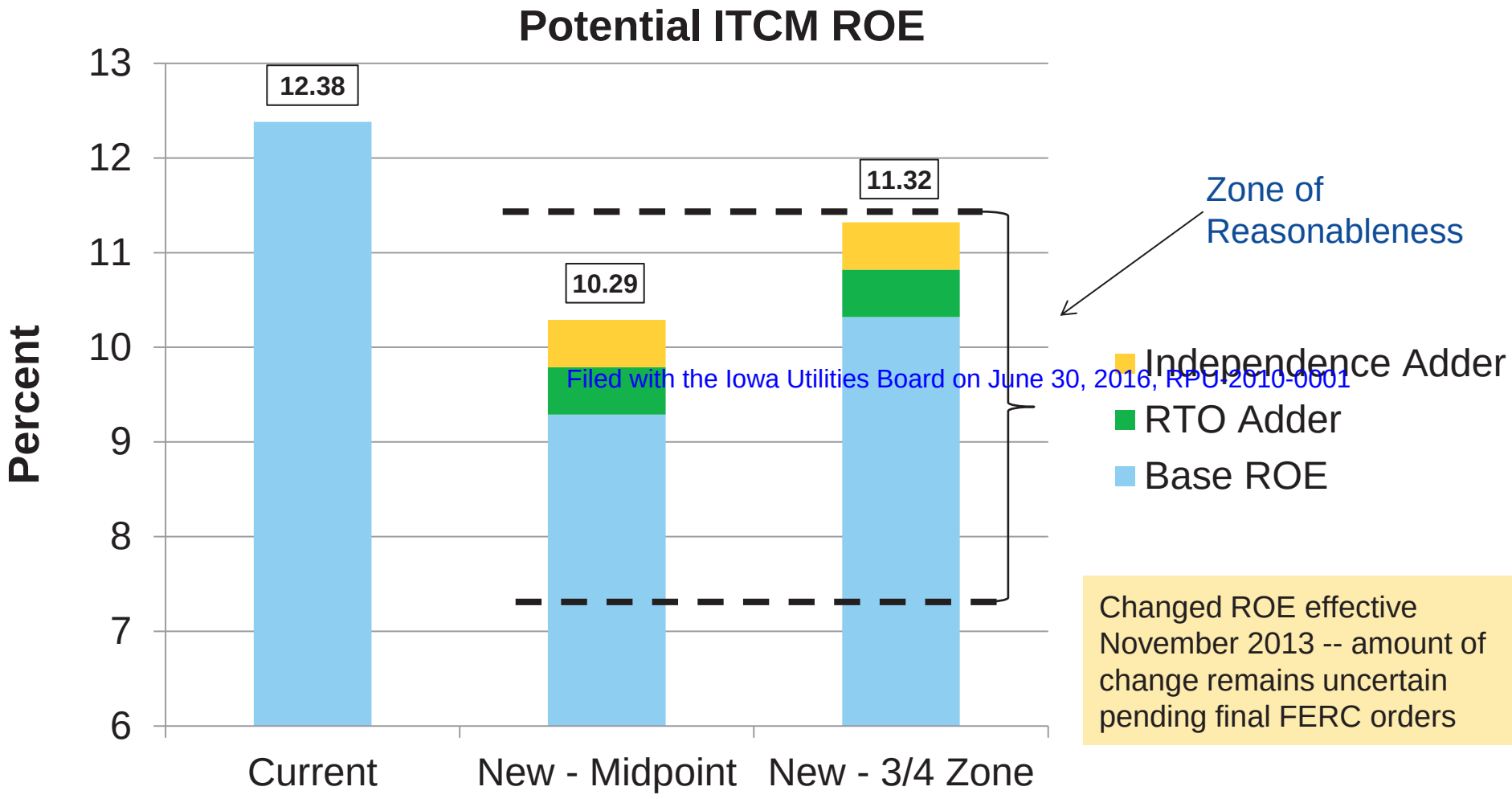
Potential Changes to ITCM ROE

Based upon FERC ALJ 1st MISO ROE Complaint Decision (EL14-12)



Changed ROE effective November 2013 -- amount of change remains uncertain pending final FERC orders

Each 1 percentage point (100 bps) change in ROE changes ITCM rate by about 5-6%

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ITCM 2015 Attachment O True-Up

- ITCM posted the 2015 True-Up on June 1, 2016
- The posted true-up reflects an under collection, and therefore a true up rate increase of approximately $1.7 million
  - Revenue requirement is lower than originally projected but load volumes were lower by more resulting in an undercollection.
  - **True-Up includes a reduction to revenue requirement of $2.5 million to simulate bonus depreciation election**

- IPL is reviewing the posted information and will ask questions as needed at the summer ITCM true-up meeting and/or submit through the MISO Formula Rate Protocol process
- 2017 Attachment O rates will be posted by September 1, 2016
- More details about the True-Up posting can be found on ITCM's OASIS page: https://www.oasis.oati.com/woa/docs/ITCM/ITCMdocs/ITCMW2015TrueUP_RptPkg.html

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ITC Midwest Attachment FF

- Attachment FF change requires generators (instead of transmission customers) to pay new generation–related transmission network upgrade costs
- ITCM is self-funding upgrades and collecting upgrade costs from generators levelized over term of interconnection agreement
  - ITCM transmission customers held harmless on a present worth basis
  - IPL and WPL are funding upgrades for IPL's Marshalltown Generating Station and WPL's Bent Tree wind farm using this option

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- FERC affirmed elimination of unilateral right of transmission owners to self-fund upgrades in December 2015 order (EL15-68)
  - Interconnection customer can use up-front funding or must agree to transmission owner self-funding
  - IPL and WPL filed comments supporting approach that considers customer costs when determining who provides initial upgrade funding

Projected annual revenue from generators, which offsets ITCM transmission customer costs, increased from about $1.2M in 2015 to $5.9M in 2016

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Order 1000 Overview

Background

- FERC rulemaking issued in July 2011
- Addresses regional & interregional transmission planning & cost allocation
- Applies to new transmission facilities only

Goals

- Consider and evaluate regional transmission alternatives on a non-discriminatory basis
- Produce transmission plans that efficiently and cost-effectively meet needs
- Allocate regional transmission costs fairly to those who benefit

Filed with Iowa Utilities Board on June 30, 2016, RPU-2016-0001

Major Aspects

- Regional and interregional transmission planning requirements
- Regional and interregional transmission cost allocation principles
- Eliminates federal right of first refusal (ROFR) – increases competition

Order 1000 recognizes regional differences and does not impose "one size fits all" planning and cost allocation requirements

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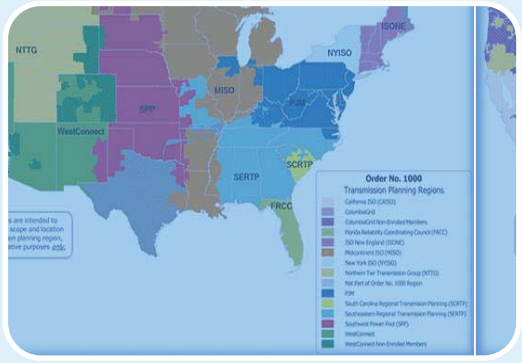
Order 1000 Current Happenings



UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

mpetitive Transmission Development) Docket No. AD16-18-000
hnical Conference)

Pre-Technical Conference Comments
Submitted on Behalf of Alliant Energy Corporate Services

Alliant Energy Corporate Services, Inc. (Alliant Energy) thanks the Commission for its ision to hold a Technical Conference[1] to examine the current state of Order No. 1000 process plementation. Alliant Energy submits these comments in advance of the Order No. 1000 hnical Conference to be held June 27-28, 2016, at the Commission in order to provide mmissioners and staff with the unique viewpoint of a transmission dependent utility (TDU) d in an organized market (RTO).

First MISO regional competitive transmission solicitation

Bids due July 6th

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

FERC plans Order 1000 Technical Conference

June 27-28

Discuss best practices, regional experiences, potential improvements

Alliant Energy submits comments to FERC (AD16-18)

Reiterates request for FERC to reexamine transmission incentive policy

Policy Summary

- Successful outcome on bonus depreciation opt out will reduce future annual ITCM rate. IPL continues to pursue remedy for earlier year opt out which may result in additional cost savings.

- Transmission ROE will very likely decrease.
  - ITCM total ROE decrease of 1 to 2 percentage points is plausible
  - Refunds anticipated in 2018

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- Changes to ITCM's Attachment FF generator interconnection cost allocation policy and interconnection customer network upgrade funding rights are and will continue to result in positive IPL customer benefits.

- FERC Order 1000 has the potential to facilitate better transmission planning and cost allocation and increase competition in the transmission sector. Questions around pace and effectiveness of Order 1000 changes remain.

Questions?

Proposed Fortis Acquisition of ITC Update

Michael Greiveldinger
Managing Attorney
Alliant Energy

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

IPL Goals

Fortis & Finn (GIC) Acquisition of ITC

No Customer Harm

Complete due diligence to minimize any potential harm from acquisition to IPL customers and IPL

Prudent Costs

Pursue opportunities to reduce ITC Midwest customer costs and increase transparency

Satisfy Stakeholders

Promote IPL transmission stakeholders' and IPL's mutual interests

Regulatory Approval Process
Fortis & Finn (GIC) Acquisition of ITC

Timeline

- File approval applications: March–June 2016
- Closing: late 2016 (projected)

FERC

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- Only jurisdiction with economic rate regulation authority
- Section 203 proceeding required for transaction approval
- FERC has 180 days to review and issue order

State Regulators

- Approvals not required* – IA, MI and MN
- Approvals required* – IL, KS, MO, OK and WI
- Specific requirements for approval vary from state-to-state

* Expected approval requirements indicated by Fortis and ITC

Source: February 9, 2016 Fortis/ITC Investor presentation and M&A call

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FERC Section 203 Proceeding
Fortis & Finn (GIC) Acquisition of ITC

- Joint Application filed April 28, 2016
  - Request for expedited treatment
- Merger must be consistent with the "Public Interest"

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- FERC considers effect on Competition, Regulation, FERC Jurisdictional Rates and potential for Cross Subsidization

FERC Section 203 Proceeding
Fortis & Finn (GIC) Acquisition of ITC

Alliant Energy Filed Comments on June 2, 2016

- Customer concerns
- Hold harmless clause
  - Ensuring customers do not bear transaction or transition costs

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- Status as independent transmission company
  - Review of ROE adder in separate proceeding

State Proceedings
Fortis & Finn (GIC) Acquisition of ITC

State	Filed
Wisconsin	6/1/2016
Illinois	5/13/2016
Kansas	5/10/2016
Missouri	5/10/2016
Oklahoma	5/13/2016

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Questions?

Rate Case Update

Anne Lenzen

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Director, Regulatory Affairs

Alliant Energy

Rate case 2017

- Base rate freeze through 2016
- Timing of filing: April 2017 (estimated)
  - Interim rates effective mid- to late-April 2017
  - Final rates effective in 1Q 2018
- Key drivers
  - Advancing clean energy
  - Modernizing the power grid
  - Providing innovative customer solutions

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

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Continuing the path forward

Providing innovative customer solutions

- Solutions for your business
- Enabling technologies
- Investing the grid
- Rate mitigation measures

Making our traditional generation cleaner

- Reducing mercury, SO2, NO2 and CO2
- Fuel source switching
- Emission control investments
- Balanced energy mix today and into the future

Building a smarter and stronger power grid

- Investing in a power grid that is increasingly interactive
- Strengthening by making a more robust, resilient, and reliable

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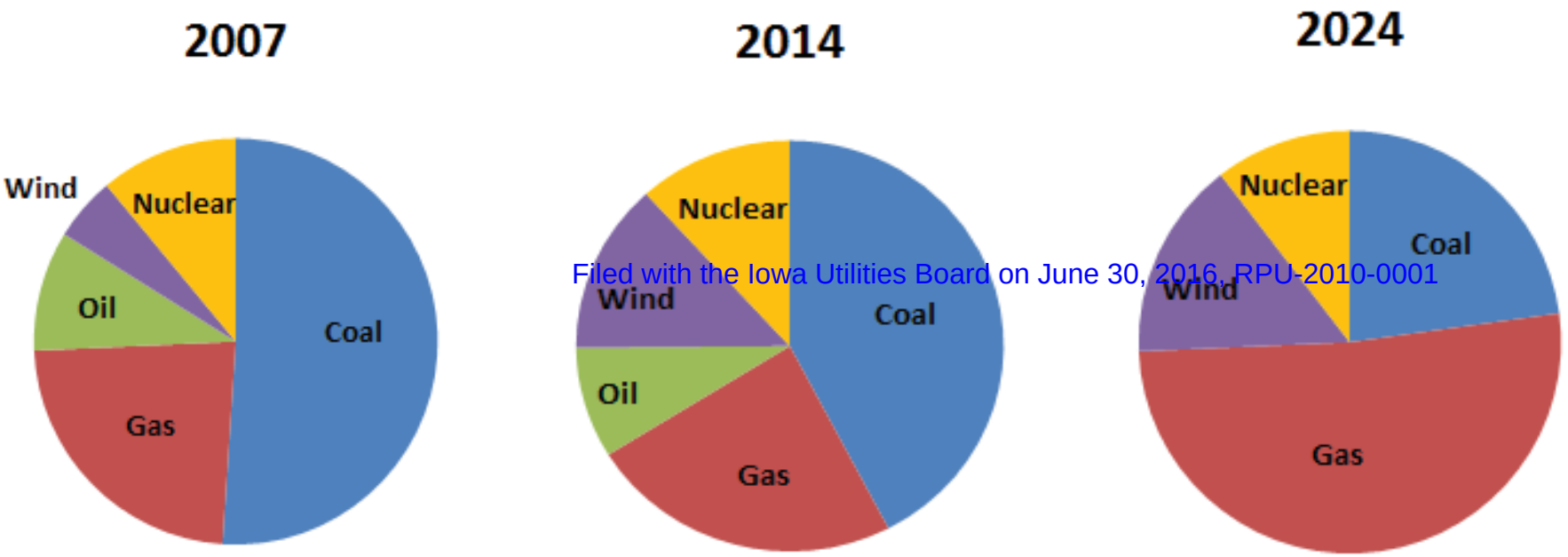
IPL generating fleet in transition

Based on nameplate capacity and includes purchased power agreements.



- **Marshalltown Generating Station (MGS)**
  - 650 MW natural gas plant
  - Approved by IUB/Ratemaking principles in 2012
- **Coal plant retirements**

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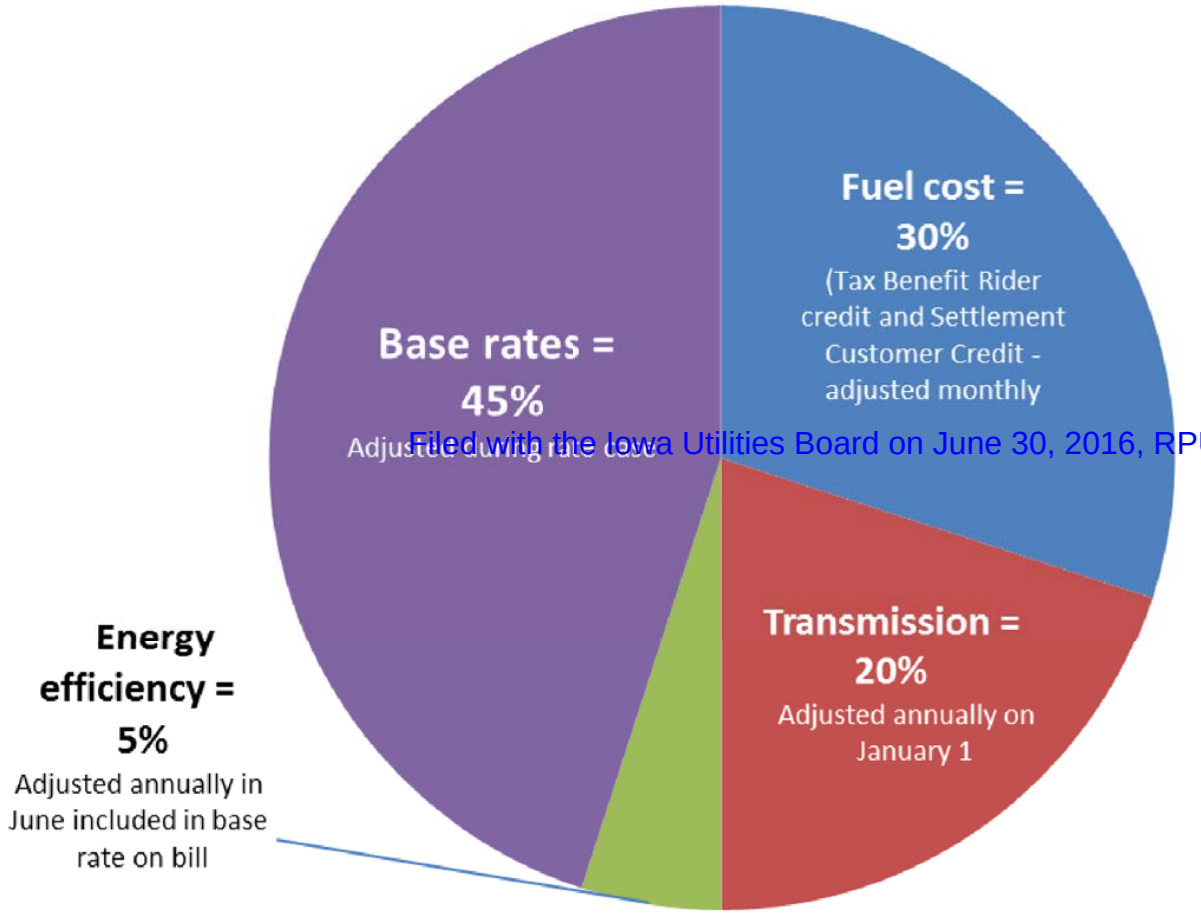
Bill breakdown



**Represents typical Large General Service bill breakdown.*

Budgeting Guidelines vs. Prior Year

Bill Component	Frequency of Change	2016 Bill Impact	2017 Bill Impact	2018 Bill Impact
Base Rates	Rate Case	No change	5%	4%
Transmission	Annual Adjustment	2%	2%	2%
Fuel Cost	Monthly Adjustment	-1%	1%	-2%
Tax Benefit Rider	Annual Adjustment	1%	-2%	6%
Customer Credit	Annual Adjustment	1%	0%	0%
Energy Efficiency	Annual Adjustment	No change	No change	No change
Total Bill		3%*	6%*	10%*

*Estimation Range = +/-2% for 2016, +/-3% for 2017 and +/-4% for 2018

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Questions?

- Lunch -

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

IPL Open Panel: Q&A, Collaboration

Panel

Joel Schmidt, Vice President – Regulatory Affairs

Eric Guelker, Director – Transmission Policy & Sales Forecasting

Joe McGovern, Director – Electrical Engineering & Planning

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

Moderator

Anne Lenzen, Director – Regulatory Affairs

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Recent / Upcoming Transmission Activities

- **June 1, 2016 –** ITCM 2016 True-Up
- **June 30, 2016** – IPL Semi-Annual Transmission Report filed with the IUB
- **September 1, 2016** – ITCM posts 2017 Attachment O Rate
- **November 2016 –** RTS Factors filed with the IUB

Filed with the Iowa Utilities Board on June 30, 2016, RPU-2010-0001

- **December 6, 2016** (TBD) – Semi-Annual Transmission Stakeholder Meeting
- **December 31, 2016** – IPL Semi-Annual Transmission Report filed with the IUB

Summary

Alliant Energy has developed, implemented and continues to implement a strategy that incorporates active engagement with ITC Midwest, regional and federal policy to ensure that transmission investments provide value to Alliant Energy customers. As a result, our customers experience increased system reliability, resiliency and increased market access.

Who to contact at Alliant Energy?

- **Your Key Account Manager**

  "One Call Does All" – IPL continues to be the main point of contact for our customers for all issues, including transmission service.

- **Or**

  Eric Guelker

  Director - Transmission Policy and Sales Forecasting

  Alliant Energy

  608-458-8163

  ericguelker@alliantenergy.com

Presentation will be e-mailed to attendees.

Thank you and please travel safely!